



**Q3 2024 Industrial Occupier**

**Edmonton Industrial Market**



# Market Overview

## Industrial Market

### Stable Vacancy in Greater Edmonton; An Analysis of Sale Transactions for Investment and Owner/User Industrial Properties in the Greater Edmonton Area.

We experienced a slight decrease in headlease vacancy from 3.07% in Q2 2024 to 3.06% in Q3 2024, with an overall vacancy rate of 3.37%, which includes sublease vacancies. In the Q2 2024 issue of The Occupier, we shared insights on the micro-economic condition of the Edmonton industrial market and the macro-economic updates on the United States and Canadian industrial markets. In that edition of The Occupier, we covered the decreased absorption, particularly in the southeast and northwest regions of Edmonton, while vacancy rates remained stable. Similarly, both the U.S. and Canadian industrial sectors showed subdued growth due to post-pandemic challenges and new construction costs, although recent signs of recovery in business inventories and imports suggest a potential upturn in activity. In this issue of The Occupier, we will discuss the overview of sale transactions for owner/user and Investment industrial properties throughout the mid-year point of 2024.

#### Owner/User Industrial Transactions

Throughout the mid-year point of 2024, owner/user transaction were the primary drivers of year-to-date sales and dollar volume in the first three quarters of 2024. For owner/user warehouse the total dollar value of transactions decreased from \$170.8 million in 2022 to \$115.8 million in 2024, indicating a decline in market activity. The number of transactions has also declined from 55 in 2022 to 41 in 2024, reflecting a slowdown in buying activity. The average price increased from \$186 in 2023 to \$199 in 2024, suggesting that while fewer transactions occurred, demand for industrial properties has increased while we are experiencing less inventory in the market. The most notable high value owner/

user transaction was at 6005 72A Ave, with a sale price of \$13.79 million for a 58,393 sq. ft. warehouse situated on 7.66 acres in the Davies Industrial East neighborhood. The most prominent price per square foot transaction was the sale of 7103 42 Street, a that sold for \$467.22 per sq. ft. Overall, the data shows fewer transactions in the market, likely due to higher interest rates for buyers and higher capital gain tax implication for vendors, the lower inventory and the strong local economy is pushing up demand and prices.

#### Industrial Investment Transactions

Throughout the mid-year point of 2024, investment transactions for multi-bay warehouse in the greater Edmonton experienced a significant dollar value decrease from \$270.7 million in 2023 to just \$62.5 million in 2024, indicating a sharp decline in investment sales. The number of transactions remained low, with only 7 in 2024, compared to 13 in 2023, further emphasizing the reduced activity in this segment. The dollar value of single-tenant warehouse transactions increased from \$15.8 million in 2023 to \$38.9 million in 2024, indicating a resurgence in this market segment. The number of transactions increased from just 1 in 2023 to 4 in 2024, highlighting growing interest in single-tenant properties. The most notable sale for industrial investments was at 11104 180 St for \$24.8 million - 6.8% cap rate for a 215,909 sq. ft. multi-bay warehouse situated on 10.43 acres. Overall, while there has been a significant decrease in multi-bay investment transactions, demand for industrial investment product remains strong. This decline can be attributed to the high-interest rate environment, which has led buyers to seek higher cap rates



Industrial Supply

198,278,951 sf



Industrial Vacancy

3.37%



Overall Industrial Vacancy

6,683,400 sf



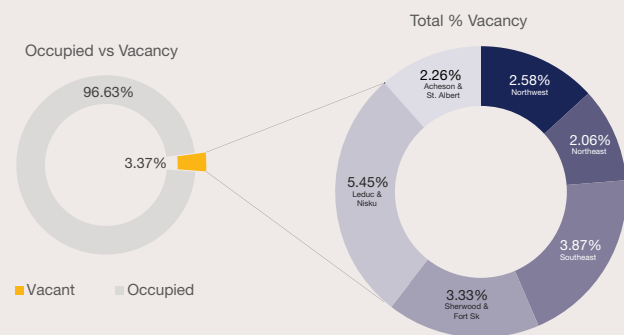
Q3 2024 Industrial Absorption

246,219 sf

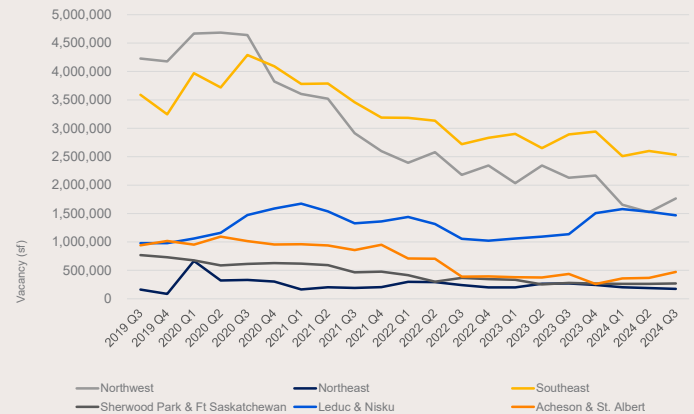
### Q3 2024 Vacancy Summary, Industrial

QUADRANT	TOTAL INVENTORY (sf)	HEADLEASE (sf) (%)	SUBLEASE (sf) (%)	TOTAL (sf) (%)
North West	68,469,589	1,600,835 2.34%	165,205 0.24%	1,766,040 2.58%
North East	8,447,810	173,703 2.06%	0 0.00%	173,703 2.06%
South East	65,456,071	2,209,160 3.38%	324,686 0.50%	2,533,846 3.87%
Sherwood & Fort Sask.	8,086,137	255,074 3.15%	13,800 0.17%	268,874 3.33%
Leduc & Nisku	26,932,831	1,367,392 5.08%	101,616 0.38%	1,469,008 5.45%
Acheson & St. Albert	20,886,513	453,777 2.17%	18,152 0.09%	471,929 2.26%
<b>Total Industrial</b>	<b>198,278,951</b>	<b>6,059,941 3.06%</b>	<b>623,459 0.31%</b>	<b>6,683,400 3.37%</b>

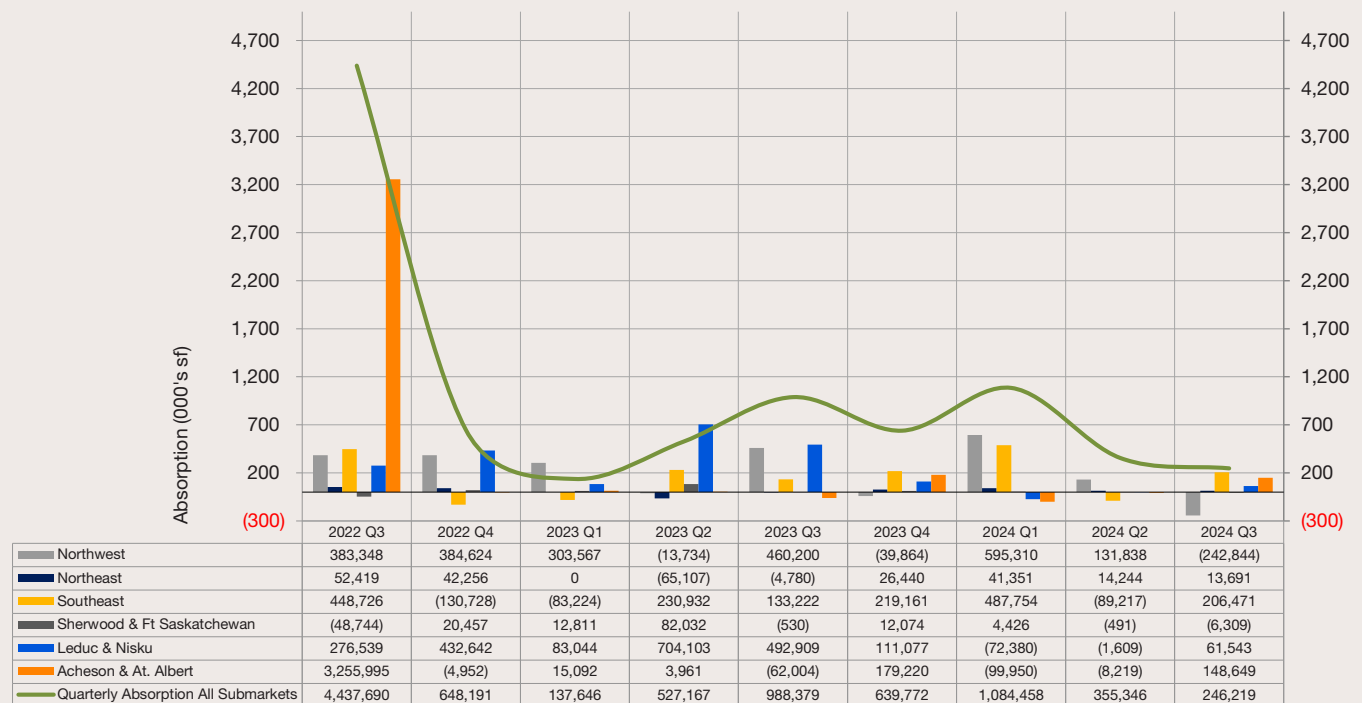
### Breakdown of Vacancy by Submarket



### Historical Industrial Vacancy

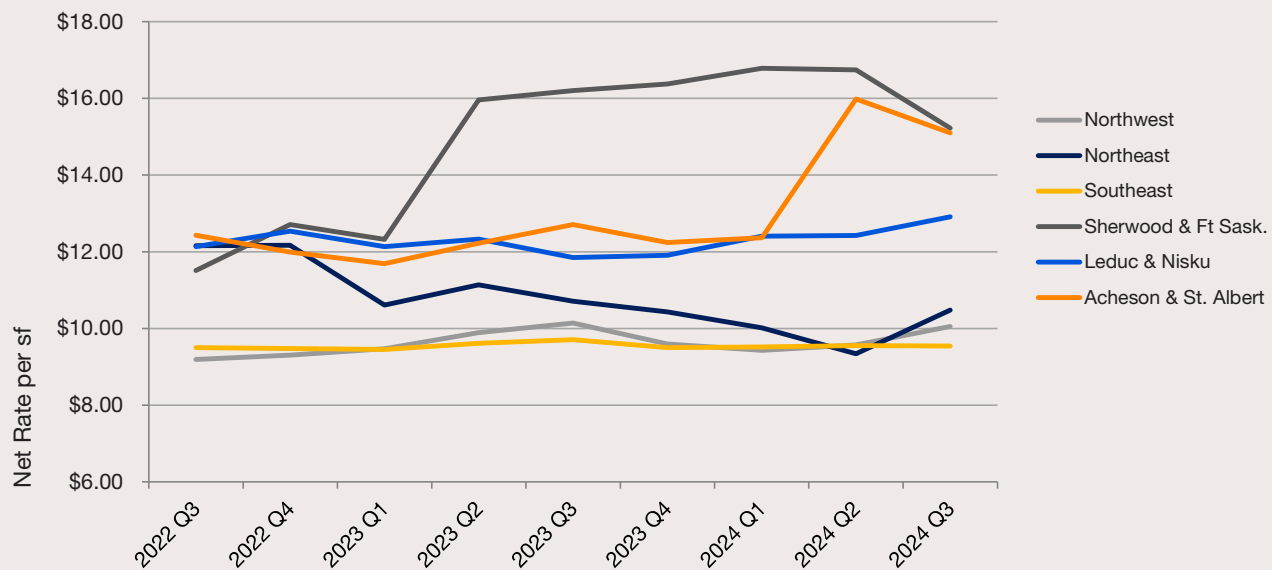


### Historical Absorption Reported Submarkets



## Average Asking Net Rates

Reported Submarkets



and lower prices. Meanwhile, many sellers are reluctant to adjust their pricing and cap rates accordingly.

### Overview

With Canadian interest rates dropping by 75 basis points since April, now sitting at 4.25%, and projections indicating a further decrease of 25 basis points by the end of 2024, we anticipate a significant uptick in transactions within the owner/user and investment industrial sectors. Lower

borrowing costs typically encourage more activity in the market, making it an attractive time for businesses and investors to consider new acquisitions. As we move forward, we expect that the combination of declining interest rates and strategic market adjustments in response to the capital gains tax will drive a notable increase in activity across the industrial real estate sector in the Greater Edmonton Area.

### Activity Highlights

	Mid-Year 2021	Mid-Year 2022	Mid-Year 2023	Mid-Year 2024
<b>Owner/User Warehouse</b>				
\$ Value	\$118,271,000	\$170,832,990	\$158,865,605	\$115,843,000
No. of Transactions	35	55	50	41
Avg. Price per SF	\$163 per sf	\$185 per sf	\$186 per sf	\$199 per sf
<b>Multi-Bay Warehouse</b>				
\$ Value	\$165,535,000	\$145,415,000	\$270,666,500	\$62,475,000
No. of Transactions	7	16	13	7
<b>Single-Tenant Warehouse</b>				
\$ Value	\$2,500,000	\$254,505,000	\$15,750,000	\$38,925,000
No. of Transactions	1	8	1	4
<b>Total</b>				
\$ Value	\$286,306,000	\$570,752,990	\$445,282,105	\$217,243,000
No. of Transactions	43	79	64	52

## Notable Industrial Investment Sales

Address	Description	Land Use Class	Site Area (acres)	Building Area (sf)	Sale Price	Unit Price (per sf)	Sale Date
11104 180 St Edmiston Industrial	Warehouse: Multi-Bay	BE	10.43	215,909	\$24,800,000	\$114.86	2024-01-02
10930 184 St White Industrial	Warehouse: Single Tenant	IM	10.92	163,596	\$17,800,000	\$108.80	2024-03-07
14735 124 Ave Dominion Industrial	Warehouse: Single Tenant	BE	4.02	105,930	\$8,500,000	\$80.24	2024-04-02
9404 39 Ave Strathcona Industrial Park	Warehouse: Multi-Bay	IB	5.9	98,730	\$12,000,000	\$121.54	2024-03-07
11760 109 St Blatchford Area	Warehouse	DC1	3.01	72,269	\$1,500,000	\$20.76	2024-04-18
4813 89 St McIntyre Industrial	Warehouse: Multi-Bay	BE	3.48	67,796	\$8,830,000	\$130.24	2024-02-24
10918 184 St White Industrial	Warehouse: Single Tenant	IM	7.68	66,000	\$9,400,000	\$142.42	2024-01-02
14135 128 Ave Bonaventure Industrial	Warehouse	BE	2.84	61,211	\$4,750,000	\$77.60	2024-01-20
6005 72A Ave Davies Industrial East	Warehouse	IM	7.66	58,393	\$13,790,000	\$236.16	2024-05-29
12555 62 St Industrial Heights	Warehouse	IH	6.22	39,896	\$3,918,000	\$98.20	2024-05-25
6810 8 St NW Maple Ridge Industrial	Warehouse	BE	6.94	33,852	\$8,000,000	\$236.32	2024-03-18
9641/59 49 Ave Papaschase Industrial	Warehouse: Multi-Bay	IM	1.85	29,900	\$4,720,000	\$157.85	2024-01-18

## Notable Owner/User Industrial Sales

Address	Description	Land Use Class	Site Area (acres)	Building Area (sf)	Sale Price	Unit Price (per sf)	Sale Date
6005 72A Ave Davies Industrial East	Warehouse	IM	7.66	58,393	\$13,790,000	\$236.16	2024-05-29
6810 8 St NW Maple Ridge Industrial	Warehouse	BE	6.94	33,852	\$8,000,000	\$236.32	2024-03-18
12160 68 St Montrose	Warehouse	IM	3.65	24,260	\$6,250,000	\$257.63	2024-05-28
7103 42 St Weir Industrial	Warehouse	IM	4.47	10,755	\$5,025,000	\$467.22	2024-02-28
5700 125A Ave Industrial Heights	Warehouse	IM	1	22,685	\$5,000,000	\$220.41	2024-01-16
13508 163 St NW Mistatim Industrial	Warehouse	IM	3.9	16,861	\$5,000,000	\$296.54	2024-02-10
14135 128 Ave Bonaventure Industrial	Warehouse	BE	2.84	61,211	\$4,750,000	\$77.60	2024-01-20
10220/34 180 St Morin Industrial	Warehouse	FD	3.03	15,750	\$4,300,000	\$273.02	2024-02-27
12555 62 St Industrial Heights	Warehouse	IH	6.22	39,896	\$3,918,000	\$98.21	2024-05-25
12403 149 St Dominion Industrial	Warehouse	BE	0.95	20,642	\$3,010,000	\$145.82	2024-01-15
22604 113 Ave Winterburn Ind Area West	Warehouse	IM	2.18	11,531	\$3,000,000	\$260.17	2024-06-24
17630 102 Ave Stone Industrial	Warehouse	IM	0.57	8,340	\$2,950,000	\$353.72	2024-01-25
4167 97 St Strathcona Industrial Park	Warehouse	BE	1.87	10,367	\$2,900,000	\$279.73	2024-02-14
9337 45 Ave Papaschase Industrial	Warehouse	BE	1.79	9,750	\$2,560,000	\$262.56	2024-02-02
4831 Roper Rd Pylypow Industrial	Condominium: Industrial	IM	3.01	10,397	\$2,511,250	\$241.54	2024-02-05
7630 Yellowhead Tr Yellowhead Corridor East	Warehouse	IM	0.9	19,932	\$2,350,000	\$117.90	2024-03-13
11210 120 St Prince Rupert	Warehouse	IM	1.32	18,760	\$2,250,000	\$119.94	2024-03-25
11204 178 St Edmiston Industrial	Condominium: Industrial	IB	3.51	9,497	\$2,200,000	\$231.65	2024-02-07
12536 71 St Yellowhead Corridor East	Warehouse	IM	1.1	9,009	\$2,200,000	\$244.20	2024-06-28
18225 107 Ave Wilson Industrial	Warehouse	IM	1.37	19,980	\$2,100,000	\$105.11	2024-05-03

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