

Q1 2023

# Edmonton Industrial Market Report

## Net Absorption

This Quarter	Previous Quarter
<b>522K SF</b>	<b>596K SF</b>
12-Month Absorption	5-Year Quarterly Avg.
<b>5.5M SF</b>	<b>830K SF</b>

## Vacancy

This Quarter	Year-over-Year
<b>3.8%</b>	<b>▼ 80 bps</b>

## Asking Net Rent

This Quarter*	Year-over-Year
<b>\$10.47 PSF</b>	<b>▲ 8.5%</b>

## Development

Under Construction	New Supply
<b>4.1M SF</b>	<b>110K SF</b>

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

## Market Outlook

The Greater Edmonton area's industrial market continued to experience a decrease in vacancy and high leasing activity as a few larger deals were finalized. Vacancy decreased by 80 basis points year-over-year (YoY) to 3.8%, the lowest vacancy in nearly eight years. Leasing activity has remained strong even in the face of economic pressures.

There have been eleven consecutive quarters of positive absorption in the overall market. QEII Business Park completed 110,396 square feet in Leduc/Nisku, contributing to a significant portion of the absorption. There have been both large and mid-sized lease transactions, ranging between 20,000 and 100,000 square feet, during the quarter. However, there has also been an increase in new vacancies coming to market recently, though not enough to negatively affect absorption.

Asking rents have increased across all submarkets as demand tightens and availability in the market decreases. Edmonton rents are averaging \$10.47 per square foot, an increase of 8.5% YoY. Northwest Edmonton experienced the highest rental rate growth of 13.7% YoY. This trend will likely continue while vacancy remains low and demand high.

The construction pipeline reflects the high demand for industrial warehousing and distribution space. With only 110,396 square feet of new supply in Q1 2023, there continues to be pressure on the limited supply of newer warehousing and distribution facilities. However, 2.8 million square feet are expected to be completed by the end of Q3 if there are no delays. Even with preleasing activity underway, a large amount of space will still be available for lease upon completion. This will help ease market tensions and relieve the tighter market over the coming year.

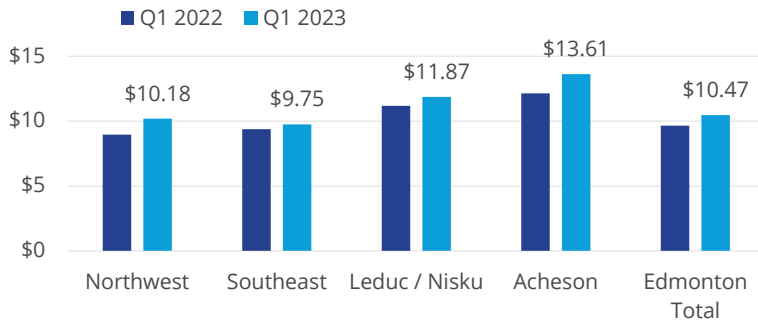
WTI oil prices have remained steady at the beginning of 2023, even with other economic pressures influencing the market. With OPEC's recent announcement on reducing the production of oil, Albertan oil producers will be positively impacted as demand will remain steady. Tensions and concerns around inflation are still major topics of discussion as the Bank of Canada has been combating inflation through raising interest rates. These will both be key points of focus in 2023 that could impact the industrial market via leasing and construction. The industrial market does have room to breathe as new product will come to market within the next six months to offset the low vacancy.

Accelerating success.

# Market Overview

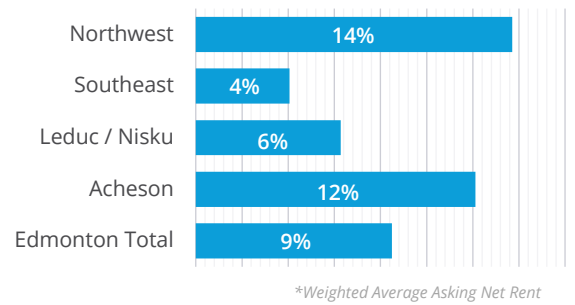
## 01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



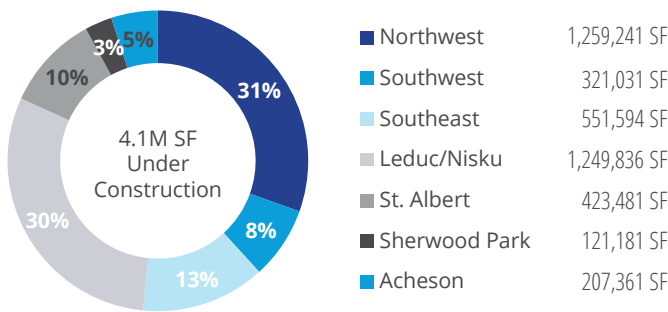
## 02 Rental Rate Growth\*

By Market | Q1 2022 – Q1 2023



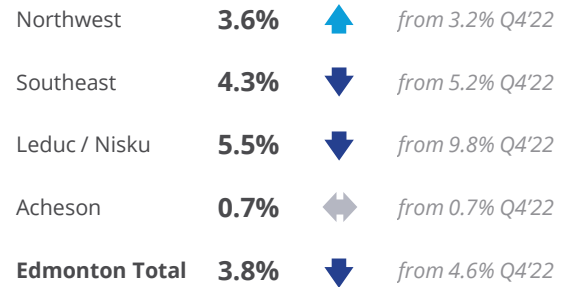
## 03 Under Construction by Market

By Building Area (SF)



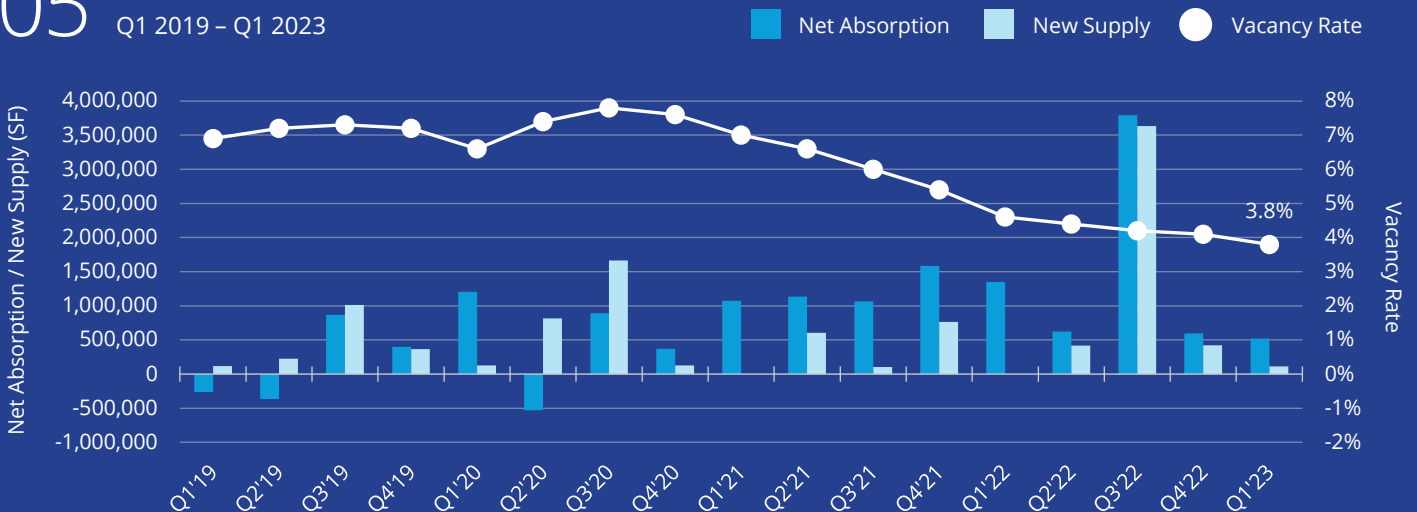
## 04 Vacancy Rate

By Market | Q1 2022 – Q1 2023



## 05 Historical Overview

Q1 2019 – Q1 2023



# Market Statistics & Transaction Highlights

Market	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)
Northwest	60,415,788	2,197,086	3.6%	3,582,001	221,722	3,803,723	6.3%	124,117	0	1,259,241
Northeast	6,461,245	97,546	1.5%	257,047	0	257,047	4.0%	2,599	0	0
Southeast	52,785,245	2,272,214	4.3%	4,247,503	590,429	4,837,932	9.2%	52,102	0	872,625
Central	3,738,414	101,513	2.7%	116,554	13,035	129,589	3.5%	-13,371	0	0
<b>Edmonton Proper</b>	<b>123,400,478</b>	<b>4,668,359</b>	<b>3.8%</b>	<b>8,203,105</b>	<b>825,186</b>	<b>9,028,291</b>	<b>7.3%</b>	<b>165,447</b>	<b>0</b>	<b>2,131,866</b>
Leduc / Nisku	20,566,164	1,140,711	5.5%	2,580,080	216,553	2,796,633	13.6%	247,370	110,396	1,249,836
St. Albert	4,328,529	29,582	0.7%	466,611	0	466,611	10.8%	-3,587	0	423,481
Sherwood Park	4,141,255	340,260	8.2%	595,417	0	595,417	14.4%	102,992	0	121,181
Acheson	10,431,986	74,132	0.7%	191,480	139,980	331,460	3.2%	10,017	0	207,361
<b>Surrounding Markets</b>	<b>39,537,934</b>	<b>1,584,685</b>	<b>4.0%</b>	<b>3,833,588</b>	<b>356,533</b>	<b>4,190,121</b>	<b>10.6%</b>	<b>356,792</b>	<b>110,396</b>	<b>2,001,859</b>
<b>Edmonton Total</b>	<b>162,938,412</b>	<b>6,253,044</b>	<b>3.8%</b>	<b>12,036,693</b>	<b>1,181,719</b>	<b>13,218,412</b>	<b>8.1%</b>	<b>522,239</b>	<b>110,396</b>	<b>4,133,725</b>

## Notable Transactions

Type	Building Name / Address	Market	Size (SF)
Lease	11311 120 Street NW	Central	70,660
Lease	18507 107 Avenue NW	Northwest	42,350
Lease	14715 131 Avenue NW	Northwest	32,995
Lease	11612 163 Street NW	Northwest	32,712
Lease	15811 112 Avenue NW	Northwest	32,654

## Notable Developments

Building Name / Address	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
Pioneer Skies BP Building 1	Leduc/Nisku	Under Construction	353,683	2023 Q2	York
Horizon Business Park Building F	Northwest	Under Construction	297,043	2023 Q2	Hopewell
Pioneer Skies BP Building 2	Leduc/Nisku	Under Construction	240,835	2023 Q2	York
Border Business Park Building M	Leduc/Nisku	Under Construction	481,450	2023 Q3	Hopewell
Fulton Creek BP Building 2	Southeast	Under Construction	267,173	2023 Q3	Panattoni

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