



Leduc/Nisku Industrial Real Estate

FALL 2021 REPORT: December 2021



**AICRE**  
COMMERCIAL

*“Broad market commentary is no comparison for sub-market analysis”*

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## FOREWORD

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It gives me great pleasure to introduce **AICRE (Alberta Industrial & Commercial Real Estate)** to the Albertan commercial real estate market. Established by Erin Kobayashi and myself in August this year, we remain dedicated to providing our clients with comprehensive real estate services and targeted market knowledge.

### COLD CALLS AND DOOR KNOCKING

We have hit the ground running, ramped up our advertising through the park and continue to research, cold call and door knock. From our activity, we have found:

1. **VACANCY:** 5.7% - trending down. Heading back to pre-COVID levels.
2. **LEASE RATES:** Averaging around \$12.00 SF. Site coverage and cranes price drivers.
3. **LEASE TERM:** Minimum term length around 3 years (hard to find 1 year term).
4. **DEMAND:** A little delayed from the "traditional year" (due to Federal election?), but we experienced a surge in activity through October and November.

### SUPPLY CHAIN

Most of the world is now informed on supply chain and warehousing issues, and internationally Industrial real estate has become the best performing commercial real estate asset class. Locally, with oil and gas prices steadily rising and continued growth in e-commerce activity requiring warehousing from transportation and logistics groups, wholesale retailers and industrial supply companies, the Industrial real estate market is tightening. Vacancy rates throughout Edmonton are now below 5% for the first time in 7 years and while lease rates and sale prices have not yet reflected both increasing demand and cost for new builds, it seems only a matter of time before the market adjusts towards higher rates.

### 2021 BIG DEALS

We are now through the second wave of the large international groups downsizing in the Leduc/Nisku market (2015/2016 the first wave). With these groups reducing their presence and square footage (e.g., Weatherford, NOV and Schlumberger), opportunities have been left in the market that local groups are trying to fill, as well as leaving vacancy in larger, older buildings. These buildings, mostly greater than 30,000 SF and all with unique characteristics that can be harder to fill, had minimal interest in 2020, but 12 months on the majority have been leased or sold:

- 4 x WEATHERFORD Sold/Leased: Nisku @ 8 St. + 13 Ave + 6 St.
- 1 x NOV Sold: 17 Ave, Nisku
- 1 x LUFKIN Sold: 8A Street, Nisku
- 2 x PYRAMID Leased: 8 Street, Nisku
- 1 x GE (D'NOW sublease) Leased: 81 Ave, Leduc
- 1 x TRINIDAD Sold: 30 Ave, Nisku – 100,000 SF

### 2022+

With supply chain issues projected to continue into the middle of the decade, e-commerce still in its infancy and the reliance on traditional energy sources for a while yet, 2022 looks positive for Owners, but will be challenging for Tenants looking for a new location or those looking to build.

I would like to take this opportunity to thank everyone for their support of AICRE - we have been extremely humbled by the positive response.

Wishing you a happy holiday period and healthy and prosperous 2022!

**Jim McKinnon**

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## LEASED - OCTOBER 2021

1101 6 Street, Nisku

Landlord Representation

22,518 SF on 4.1 acres

