

# MARKET MONTHLY



## EDMONTON INDUSTRIAL MARKET

Edmonton's industrial real estate market is holding steady as we near year's end, with vacancy continuing to hover in the mid-3% range. Rising lease rates (\$/SF) have flowed through to stabilize sales values – the continued growth in lease rates has seen freestanding Industrial buildings with low site coverage surpass the \$20 / SF mark. Demand remains strong through the municipalities (Nisku, Leduc, Acheson and Sherwood Park). There is still plenty of options for warehousing and distribution, but it is almost impossible to find a 20,000 SF fabrication/manufacturing shop.

The outlook for 2024 looks positive as inflation numbers drop to levels acceptable to central bankers which will culminate in a peak of interest rates. Sentiment remains strong through Alberta's industrial market, however, challenges related to the sharp rise in interest rates over the past 18 months and oil prices coming back during the fall and construction costs will continue to be monitored closely by businesses, investors and stakeholders in the industry at the start of 2024.

November 2023	Inventory (SF)	Occupied (SF)	Vacant (SF)	Vacancy (%)	MoM Vacancy Change	YoY Vacancy Change	Sublet (SF)	Base Rent \$ / SF	OP Cost \$ / SF	Gross Rent Range (\$/SF)
Central Edmonton	3,731,012	3,602,806	128,206	3.44%	-0.08%	-2.74%	0	\$11.00	\$5.40	\$14 - \$17
NW Edmonton	71,539,978	69,487,081	2,052,897	2.87%	-0.29%	-0.55%	423,105	\$10.00	\$4.85	\$12 - \$16
South Edmonton	62,420,489	60,080,477	2,340,012	3.75%	-0.10%	-0.36%	346,429	\$10.00	\$4.95	\$12 - \$17
NE Edmonton	5,516,901	5,395,759	121,142	2.20%	-0.41%	0.48%	0	\$10.00	\$4.85	\$12 - \$18
<b>Total - Edmonton</b>	<b>143,208,380</b>	<b>138,566,123</b>	<b>4,642,257</b>	<b>3.24%</b>	<b>-0.21%</b>	<b>-0.49%</b>	<b>769,534</b>			
St. Albert	5,656,198	5,413,137	243,061	4.30%	0.83%	0.49%	196,400	\$12.00	\$4.90	\$14 - \$19
Fort Saskatchewan	3,258,069	3,076,352	181,717	5.58%	-0.01%	1.19%	0	\$12.00	\$4.25	\$14 - \$18
Sherwood + Strathcona	12,278,600	11,770,783	507,817	4.14%	0.55%	-0.27%	7,300	\$12.50	\$4.45	\$14 - \$18
Acheson	12,681,814	12,556,903	124,911	0.98%	-0.22%	0.30%	3,752	\$16.00	\$4.45	\$17 - \$20
Spruce + Stony Plain	4,047,499	4,013,702	33,797	0.84%	0.07%	-0.79%	3,346	\$13.50	\$4.90	\$14 - \$19
Leduc + Nisku	27,043,657	25,567,078	1,476,579	5.46%	0.36%	0.97%	97,987	\$14.50	\$3.95	\$15 - \$20
<b>Total - Municipalities</b>	<b>64,965,837</b>	<b>62,397,955</b>	<b>2,567,882</b>	<b>3.95%</b>	<b>0.29%</b>	<b>0.51%</b>	<b>308,785</b>			
<b>Total</b>	<b>208,174,217</b>	<b>200,964,078</b>	<b>7,210,139</b>	<b>3.46%</b>	<b>-0.05%</b>	<b>-0.18%</b>	<b>1,078,319</b>			

3.46%

Vacancy Rate



+\$76.00 (US)

Barrel WTI (\$US) November 2023



5.8% October 2023

Alberta Unemployment


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### 3 TAKEAWAYS FOR NOVEMBER 2023:

- VACANCY:** Plateaued at 3.5% through Greater Edmonton. Demand for warehousing is slower than 12 months ago, with continued solid demand for manufacturing/fabrication.
- INVESTMENT DECLINE:** The industrial asset class is the only one that posted year-over-year declines (Q3 '22 - Q3 '23). In total YTD sales and dollar volume invested - reduced investor interest in this segment.
- HIGHER BUILDING MATERIAL COSTS & LABOUR:** Construction industry has witnessed a significant surge in building material costs post COVID. Pressure starting to ease a little on supply, but various factors such as supply chain disruptions (still), rising demand for construction materials, inflation and environmental regulations impacting the production and availability of certain materials like lumber and steel.

### RECENT NOTEABLE TRANSACTIONS

Transaction	Address	City	Zoning	Site Size (acres)	Building Size (SF)	Sale Price	\$ / SF	Year Built	Comment
Sale	18145/51 107 Ave	Edmonton	IM	2.95	34,100	\$4,100,000	\$120	1979	Fully leased to a single tenant that recently renewed for 5 years. The roof & asphalt parking lot were replaced in 2014. 7,100 SF building expansion in 2010.
Sale	18430 105 Ave	Edmonton	IB	7.11	11,825	\$3,338,550	\$282	2019	Located in Element Business Park the condo includes both dock and grade loading. Additional mezzanine not included in total square footage.
Sale	7917 Argyll Rd	Edmonton	IB	1.60	2,056	\$380,000	\$185	1963	The layout is mostly an open warehouse and a small office. Includes grade loading, surface parking and 14'6" ceiling height.
Lease	1607 10 St	Nisku	Ind	7.49	36,425	-	\$21.50	2007	Free-standing industrial shop - Ideal for manufacturing, fabrication, service or warehousing. Air Make Up, Blast and paint capable. Modern two-storey office. Heavy power, drive-thru grade loading, exterior craneway & sumps.
Lease	605 15 Ave	Nisku	Ind	2.17	22,500	-	\$17.00	2004	Heavy Duty Free standing building. 3 x 7.5 TON CRANES. Heavy power, air make up. Neat office.
Lease	5809-98 St	Edmonton	IH	1.12	8,037	-	\$20.00	-	Low site coverage free standing shop. Drive thru bays, Cranes (7.5 & 6 T). Fenced, gated and graveled yard. Excellent access to 99 St, 63 Ave & Whitemud Dr.

#### SOLD: 8645 Coronet Rd, Edmonton

AICRE Commercial is pleased to have represented the vendor in the sale of this south Edmonton investment. The property offered many sought-after amenities, a great example of the demand for high-quality properties.



#### AVAILABLE: 605 15 Avenue, Nisku

FOR SALE Industrial Investment

- 22,500 SF on 2.17 Acres (+/-)
- Fully leased to E360S, majority owned by BlackRock
- Wash bay, grade loading, cranes and make up air units

