

Q1 2021

# Edmonton

## Industrial Market Report

### Net Absorption

This Quarter	Previous Quarter
<b>1.0M</b> SF	<b>369K</b> SF
12-Month Absorption	5-Year Quarterly Avg.
<b>3.0M</b> SF	<b>388K</b> SF

### Vacancy

This Quarter	Year-over-Year
<b>7.0%</b>	<b>↓ 40</b> bps

### Asking Net Rent

This Quarter*	Year-over-Year
<b>\$9.52</b> PSF	<b>↑ -7.5%</b>

### Development

Under Construction	New Supply
<b>4.6M</b> SF	<b>0</b> SF

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

### Market Outlook

Have we turned a corner? Despite the ongoing cyclical pandemic pattern of rising infection rates leading to lock downs and restrictions, followed by reduced infection rates allowing an easing of the restrictions, and then a return to the rising rates, there seems to be a belief that improved times are in the near future. The vaccine roll out is ongoing, general market confidence is improving, and the second half of 2021 looks promising. More specifically, it is clear the greater Edmonton industrial economy has proven resilient and survived.

During Q1 2021 the greater Edmonton industrial real estate market experienced positive absorption of over 1 million square feet and vacancy rates dropped 60 basis points (bps) to 7.0% over the quarter, the lowest since Q1 2019. All markets experienced a decrease in vacancy except for Leduc/Nisku and Acheson – both of which are overweight in exposure to the oil and gas sector where activity levels are lower than other industries. Despite the recent struggles in these submarkets, there is optimism as oil prices have increased to pre-pandemic prices with forecasts of future growth.

Leasing activity throughout the quarter was strong, primarily on the back of the rapidly growing need for distribution space. Automann Canada secured 115,983 SF at Apex BP, Hello Fresh completed +/- 200,000 SF at Monarch 5, and Canada Cartage (DLP)

filled ONE Properties 219,380 SF Building P at Border BP.

Sales activity in Q1 2021 includes the acquisition of the Northport Business Park, an 845,856 square foot business park, by Crestpoint Real Estate Investments, the first 3 completed buildings at Henday Industrial Park are under a sale agreement, and Manulife Investment Management have conditionally sold a 5 building portfolio. There is excellent investor interest in Edmonton industrial real estate product.

Along with the increase in leasing activity and investor interest this quarter, there is significant construction activity. The construction is led by perhaps the largest construction project in the entire province at the moment – an automated, five-storey, 2.9 million SF sortation facility for Amazon in Acheson. Multiple speculative projects are underway highlighted by Horizon Business Park – Building E and Anthony Henday Business Park – Building 1 in the northwest and Southport Crossing – Building 3 in the south.

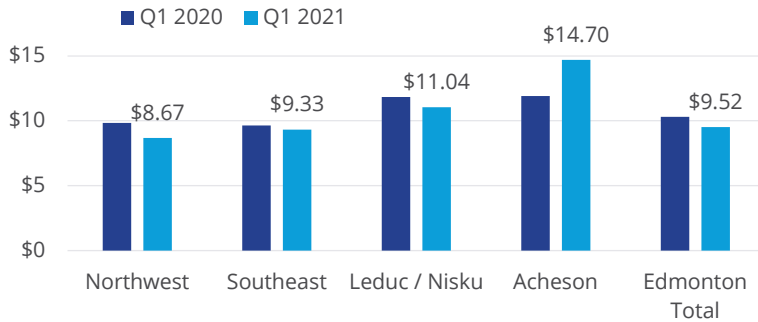
Strengthening commodity prices, a recovering job market, USA fiscal stimulus, pent up consumer demand, and a continuation of the “retail to industrial” trend, should all lead to a growing industrial real estate market in the greater Edmonton region.

Accelerating success.

# Market Overview

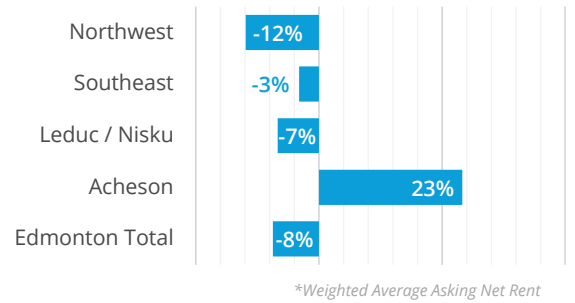
## 01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



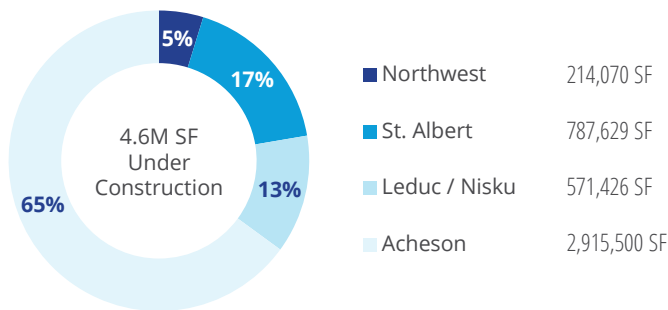
## 02 Rental Rate Growth\*

By Market | Q1 2020 – Q1 2021



## 03 Under Construction by Market

By Building Area (SF)



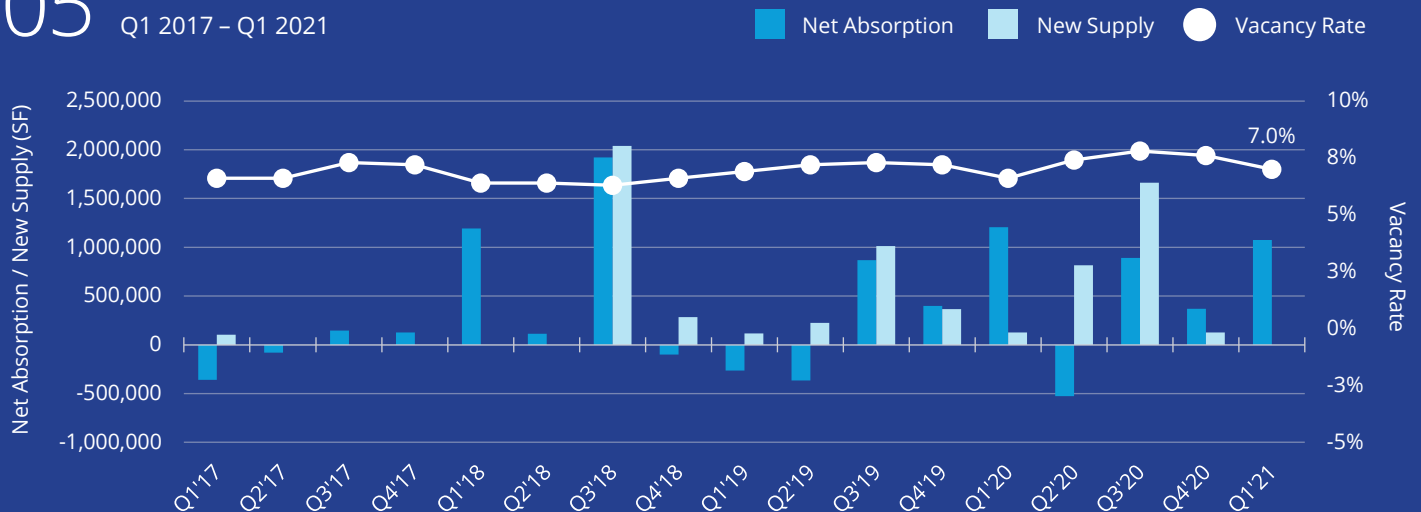
## 04 Vacancy Rate

By Market | Q1 2020 – Q1 2021

Northwest	<b>5.7%</b>	↓	from 9.4% Q1'20
Southeast	<b>7.8%</b>	↓	from 7.8% Q1'20
Leduc / Nisku	<b>10.2%</b>	↑	from 6.5% Q1'20
Acheson	<b>4.5%</b>	↑	from 3.3% Q1'20
<b>Edmonton Total</b>	<b>7.0%</b>	↓	from 7.4% Q1'20

## 05 Historical Overview

Q1 2017 – Q1 2021



# 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	59,578,127	3,374,052	5.7%	4,529,762	305,480	4,835,242	8.1%	449,388	0	214,070
Northeast	6,461,245	273,570	4.2%	289,505	37,500	327,005	5.1%	96,079	0	0
Southeast	52,444,360	4,102,507	7.8%	4,634,836	377,514	5,012,350	9.6%	239,352	0	154,000
Central	3,738,414	183,311	4.9%	229,349	0	229,349	6.1%	18,646	0	0
<b>Edmonton Proper</b>	<b>122,222,146</b>	<b>7,933,440</b>	<b>6.5%</b>	<b>9,683,452</b>	<b>720,494</b>	<b>10,403,946</b>	<b>8.5%</b>	<b>803,465</b>	<b>0</b>	<b>368,070</b>
Leduc / Nisku	19,476,135	1,977,762	10.2%	2,711,254	39,965	2,751,219	14.0%	-134,018	0	571,426
St. Albert	3,540,900	209,317	5.9%	250,192	0	250,192	6.1%	36,525	0	787,629
Sherwood Park	4,141,255	466,668	11.3%	575,050	33,000	608,050	14.7%	254,729	0	0
Acheson	7,506,486	336,731	4.5%	456,652	37,265	493,917	6.6%	113,383	0	2,915,500
<b>Surrounding Markets</b>	<b>34,664,776</b>	<b>2,990,478</b>	<b>8.6%</b>	<b>3,993,148</b>	<b>110,230</b>	<b>4,103,378</b>	<b>11.6%</b>	<b>270,619</b>	<b>0</b>	<b>4,274,555</b>
<b>Edmonton Total</b>	<b>156,886,922</b>	<b>10,923,918</b>	<b>7.0%</b>	<b>13,676,600</b>	<b>830,724</b>	<b>14,507,324</b>	<b>9.2%</b>	<b>1,074,084</b>	<b>0</b>	<b>4,642,625</b>

## Notable Transactions

Type	Building Name / Address	Market	Size (SF)
Lease	Border Business Park Building P	Leduc/Nisku	219,380
Lease	Monarch Business Park Building 5	Leduc/Nisku	+/- 200,000
Lease	Apex Business Park Building 1	Northwest	115,983
Sale	16408 121A Avenue	Northwest	91,891
Lease	Monarch Business Park Building 3	Leduc/Nisku	50,160

## Notable Developments

Building Name / Address	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
Amazon Sortation Facility	Acheson	Under Construction	2,900,000	Q3 2022	Panattoni
Uline	St. Albert	Under Construction	590,929	Q2 2021	Quadreal
Horizon Business Park Building E	Northwest	Under Construction	214,070	Q1 2022	Hopewell Development
Anthony Henday Business Park Building 1	St. Albert	Under Construction	196,700	Q4 2021	Quadreal
Southport Crossing Building 3	Southeast	Under Construction	154,000	Q2 2022	Sunlife

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