

Industrial Q1 2024

3.8%
Overall Vacancy Rate

YoY Chg ▲ 12-Mo. Forecast ▲

596,443
Net Absorption, SF

YoY Chg ▲ 12-Mo. Forecast ▼

\$10.62
Asking Rent, PSF

YoY Chg ▼ 12-Mo. Forecast ▲

Overall, Net Asking Rent
Source: CoStar, Cushman & Wakefield Research

ECONOMIC INDICATORS Q1 2024

853.0K
Edmonton Employment

YoY Chg ▲ 12-Mo. Forecast ▲

6.4%
Edmonton Unemployment Rate

YoY Chg ▲ 12-Mo. Forecast ▲

6.1%
Canada Unemployment Rate

YoY Chg ▲ 12-Mo. Forecast ▲

Source: Statistics Canada

ECONOMY

Throughout the initial months of 2024, the prevailing pattern of persistent inflation and elevated interest rates continued, mirroring what the industrial market experienced in much of 2023. The Bank of Canada held the overnight rate at 5% through the first quarter of 2024, leaving construction and operational costs elevated, leading to investor hesitation. Despite this sentiment, the Edmonton industrial market has remained robust in the first quarter of 2024, with industrial activity being driven by regional affordability and a strong owner/user market. Edmonton's GDP is expected to grow by 2.3% in 2024. Between January 1, 2023, and January 2024, Alberta attracted 202,324 new residents. Locally, 47,100 international newcomers migrated to Edmonton in 2023. Interprovincial migration reached a record high of 18,700 people compared to the yearly 4,000-person average from 2002-2021. Population growth is expected to cool but remain robust in 2024. As of April 2024, barrel prices were traded at around \$80 USD with the price spread between WTI and Alberta's benchmark WCS tightening by \$7 USD to -12 \$/bbl from the fourth quarter of 2023.

Source: TD Provincial Economic Outlook, Statistics Canada, Government of Alberta, City of Edmonton, Conference Board of Canada, Oilprice.com

DEMAND

Activity in the capital region saw 596,443 square feet (sf) in net absorption, marking a year-over-year increase of 59% for the first quarter of 2024. The overall industrial vacancy rate in the Edmonton region dropped to 3.8%, down 10 basis points from 3.9% in the fourth quarter of 2023. The northwest, southeast, and Leduc/Nisku submarkets experienced high deal velocity and volume, seeing a quarterly net absorption of 339,187 sf, 132,843 sf, and 100,471 sf respectively. Average lease sizes throughout the city were around 10,000 sf, with most lease deals occurring in the 5,000 – 15,000 sf range, proving the appeal of smaller industrial spaces for both emerging tenants looking to lease space, or existing tenants looking to downsize. Additionally, rental rates decreased by \$0.30 per square foot compared to the fourth quarter of 2023, with average additional rent rates dropping by only \$0.10 per square feet underscoring the trend of growing operating costs.

No new deliveries came to the market in the first quarter of 2024. A few construction delays have pushed back most of the incoming inventory towards the second half of 2024. Most notably, The Brick's Distribution Centre boasting around 500,000 sf is scheduled to be completed in the second half of 2024. This quarter, some newer construction announcements were seen with ONE Properties and Vestcor commencing construction on Phase 1 of 41 Business Park in southeast Edmonton. Phase 1 will add 366,900 sf to the market, with the warehouse expected to be completed in the fourth quarter of 2024. Phase 2 will add another 302,200 sf warehouse to the market that is also expected to be completed this year. Additionally, Kohltech Windows and Doors announced a new two-story manufacturing and distribution facility measuring 143,400 sf, expected to be completed in 2025. Currently, around 2.5M sf of industrial properties are under construction in the Edmonton region.

OUTLOOK

A notable surge in industrial inventory is expected in the second half of 2024 with vacancy expected to rise as more available space enters the market. However, leasing activity is forecasted to remain strong, mitigating much of the anticipated increase in the overall vacancy rate.

SPACE DEMAND / DELIVERIES



OVERALL LEASE VACANCY & NET ASKING RENT



Industrial Q1 2024

MARKET STATISTICS

KEY SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	AVG NET RENTAL RATE	AVG NET ADDITIONAL RATE	AVG GROSS RATE
Southeast	47,468,222	3.30%	132,843	132,843	304,001	0	\$9.22	\$4.56	\$13.78
Northeast	6,253,154	3.20%	23,121	23,121	0	0	\$9.80	\$4.18	\$13.98
Northwest/Central*	58,616,706	2.40%	339,187	339,187	1,192,621	0	\$9.06	\$4.45	\$13.51
Sherwood Park/Strathcona County	9,150,935	5.10%	-4,621	-4,621	121,181	0	\$11.06	\$4.01	\$15.07
Acheson**	14,594,466	0.80%	5,442	5,442	229,600	0	\$13.37	\$4.27	\$17.64
Leduc/Nisku	25,512,401	7.90%	100,471	100,471	697,789	0	\$11.20	\$3.73	\$14.93
EDMONTON MARKET TOTALS	161,595,884	3.8%	596,443	596,443	2,545,192	0	\$10.62	\$4.20	\$14.82

Source: CoStar, Cushman & Wakefield Research, *Sturgeon County and **Parkland County included in total.

KEY LEASE TRANSACTIONS Q1 2024

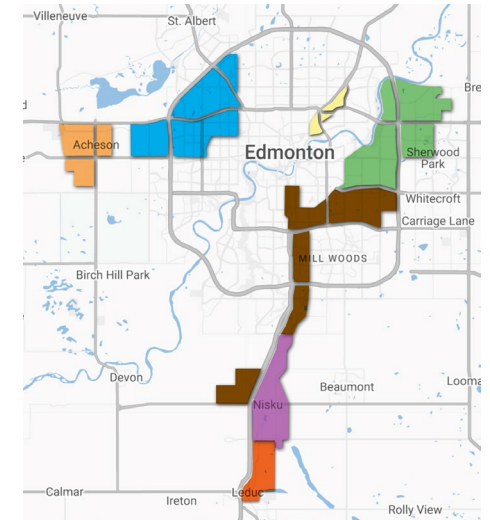
PROPERTY	SUBMARKET	TENANT	SF	TYPE
28435 99 th Ave NW	Acheson	Myshak Group	88,160	Headlease
12404 184 th St NW	Northwest	Specialty Products and Insulation	65,000	Renewal
12632 184 St NW	Northwest	Mid-Arctic Transportation Co. Ltd.	42,508	Headlease

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SIZE (SF)	PRICE / \$ PSF
16104 121A Avenue	Northwest	Loblaws Properties West Inc. / 121A Ave NW Properties Inc.	364,912	\$39,000,000 / \$106.88
Crossroads Business Park	Northwest	West Thorn Realty Inc. / Anthem Edmonton VA Industrial GP Ltd.	215,909	\$24,800,000 / \$114.86
26550 Acheson Road	Acheson	Acheson Properties Ltd. / OCTS Acheson Holdings Inc.	108,999	\$22,000,000 / \$201.83
2306 8 Street	Nisku	Pyramid Land Corporation / 2558100 Alberta Ltd.	130,798	\$20,000,000 / \$152.90

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	OWNER / DEVELOPER	COMPLETION DATE
The Brick/Leon's Distribution Centre	Northwest	500,000	Qualico	Q4 2024
41 Business Park – Building 1	Leduc/Nisku	366,932	ONE Properties & Vestcor	Q4 2024
Anthony Henday Business Park – Building 2B	St. Albert	253,973	Quadreal	Q2 2024
Kohltech Windows & Doors Manufacturing and Distribution Facility	Northeast	143,400	Kohltech Windows and Doors	Q1 2025
Buckingham Drive Multi-Tenant Building	Sherwood Park	121,181	Chohan Group of Companies Inc.	Q2 2024
Home Depot Distribution Centre	Acheson	129,600	Qualico	Q3 2024



For more information, contact:

INDUSTRIAL TEAM

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