

Q3 2023

Edmonton

Industrial Market Report

Net Absorption

This Quarter

651K SF

Previous Quarter

155K SF

12-Month Absorption

1.9M SF

5-Year Quarterly Avg.

751K SF

Vacancy

This Quarter

4.3%

Year-over-Year

▲ 10 bps

Asking Net Rent

This Quarter*

\$10.67 PSF

Year-over-Year

▲ 4.3%

Development

Under Construction

2.7M SF

New Supply

365K SF

*Weighted Average
Colliers Macaulay Nicolls Inc.

Market Outlook

The Edmonton industrial market experienced positive absorption for the 13th consecutive quarter as Northport Business Centre completed construction and larger transactions occurred. 77,377 square feet was also leased in Southport Crossing Building 3, positively impacting the absorption levels. Other large lease deals include 55,849 square feet leased at 18028 114 Avenue and 45,932 square feet at Yellowhead Crossing. The vacancy rate experienced a slight decline of 20 basis points (bps) from the second quarter. However, vacancy has increased 10 bps year-over-year (YoY).

There has been 364,931 square feet of new supply added to the market this quarter, which accounts for a portion of the absorption levels. The 207,463 square foot Northport Business Park Building E was completed in the quarter. An expected 1.2 million square feet was slated for completion this quarter, however only 364,931 square feet was finished. Five projects, a total of 1,148,875 square feet, pushed their completion dates back at least a quarter and are now expected by the end of this year or potentially see them be completed in 2024. With this delay, we are estimating that 1.9 million square feet will be completed within the next six months, resulting in positive absorption levels into the new year.

The total available sublease space increased to 1.6 million square feet throughout the quarter, the highest

sublease availability in seven years. Northwest Edmonton and St. Albert experienced the highest square footage increase, whereas Southeast Edmonton saw a decrease in sublease space.

Inflation and costs continue to impact what the market rates are as landlords are starting to push rates higher. The average lease rates continued to rise increasing by 4.3% YoY to \$10.67 per square foot. Rates have slowly been on the rise dating back to Q1 2019. As high demand continues, rates are expected to continue to increase throughout the remainder of the year as high demand continues. Acheson experienced the most significant YoY rise in rental rates experiencing a 70% increase up to \$20 per square foot as the market tightens and availability shrinks, with vacancy sitting at 1%. As a comparison, the submarket of Leduc/Nisku also saw a rental rate increase of 14% YoY. Otherwise, the Edmonton industrial market's rental rates increased modestly despite significant increases in both Acheson and Leduc/Nisku.

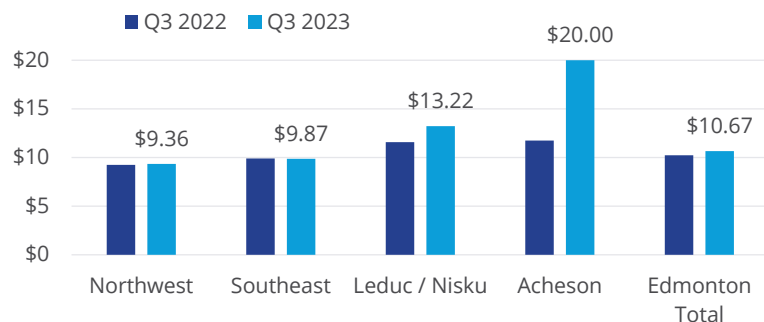
Global economic headwinds, interest rates and the fear of a long-term recession continue to create some doubt and concern in the market. Despite these somewhat ongoing concerns looming, the market conditions are expected to remain optimistic in the short term as industrial assets continue to be desirable for investors and occupiers.

Accelerating success.

Market Overview

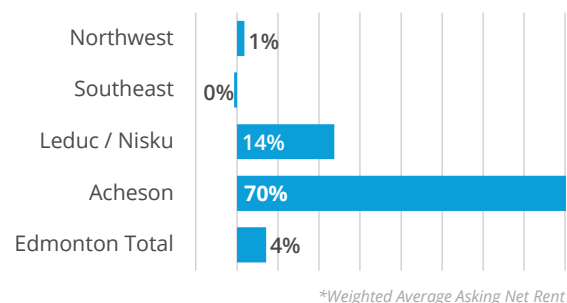
01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



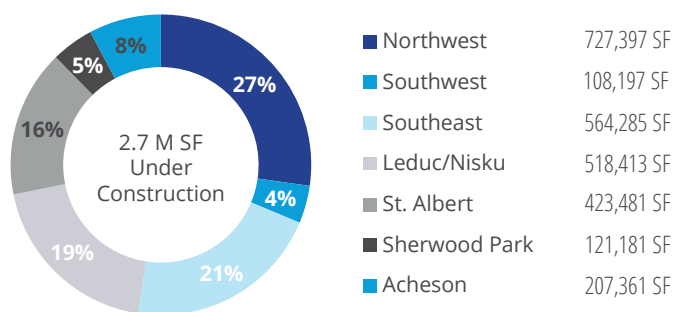
02 Rental Rate Growth*

By Market | Q3 2022 – Q3 2023



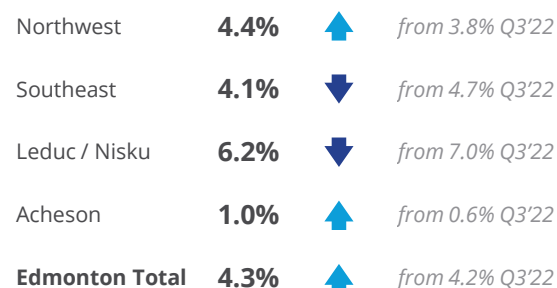
03 Under Construction by Market

By Building Area (SF)



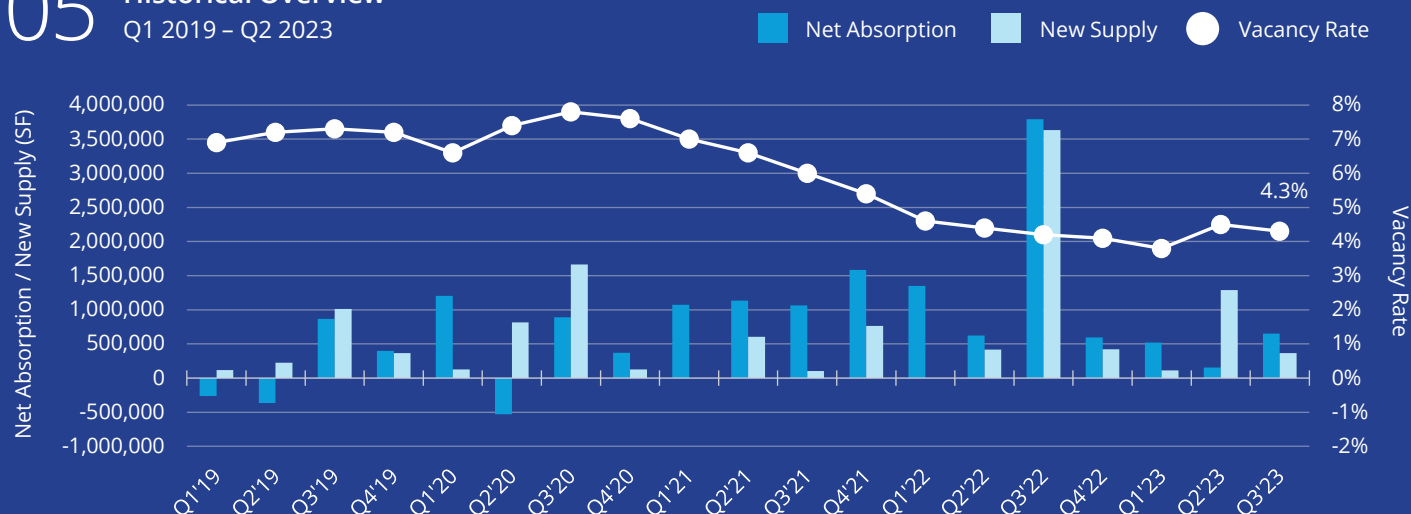
04 Vacancy Rate

By Market | Q3 2022 – Q3 2023



05 Historical Overview

Q1 2019 – Q2 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	61,010,970	2,701,275	4.4%	3,713,889	895,132	4,609,021	7.6%	127,879	252,801	727,397
Northeast	6,461,245	252,017	3.9%	390,789	43,650	434,439	6.7%	-60,730	0	0
Southeast	53,113,965	2,155,058	4.1%	4,467,236	293,587	4,760,823	9.0%	332,946	59,000	672,482
Central	3,738,414	91,683	2.5%	121,738	25,856	147,594	3.9%	1,514	0	0
Edmonton Proper	124,324,594	5,200,033	4.2%	8,693,652	1,258,225	9,951,877	8.0%	401,609	311,801	1,399,879
Leduc / Nisku	22,510,460	1,405,811	6.2%	2,742,186	111,807	2,853,993	12.7%	259,238	53,130	518,413
St. Albert	4,328,529	54,950	1.3%	770,966	196,400	967,366	22.3%	-19,817	0	423,481
Sherwood Park	4,141,255	341,253	8.2%	520,794	0	520,794	12.6%	39,792	0	121,181
Acheson	10,431,986	99,938	1.0%	219,229	88,160	307,389	2.9%	-29,492	0	207,361
Surrounding Markets	41,412,230	1,901,952	4.7%	4,253,175	396,367	4,649,542	11.5%	249,721	53,130	1,270,436
Edmonton Total	165,736,824	7,101,985	4.3%	12,946,827	1,654,592	14,601,419	8.9%	651,330	364,931	2,670,315

Notable Transactions

Type	Building Name / Address	Market	Size (SF)
Sale	14505 Yellowhead Trail	Northwest	98,244
Lease	Southport Crossing Building 3	Southeast	77,377
Lease	18028 114 Avenue	Northwest	55,849
Lease	Yellowhead Crossing	Northwest	45,932
Sale	12842-12866 153 Street	Northwest	45,014

Notable Developments

Building Name / Address	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
Discovery Centre V	Southeast	Under Construction	108,197	2023 Q3	Remington
Border Business Park Building M	Leduc/Nisku	Under Construction	481,450	2023 Q4	Hopewell
Fulton Creek BP Building 2	Southeast	Under Construction	266,949	2023 Q4	Panattoni
Anthony Henday BP Building 2A	St. Albert	Under Construction	169,508	2023 Q4	Quadreal
Fulton Creek BP Building 1	Southeast	Under Construction	151,571	2023 Q4	Panattoni

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