

EDMONTON ENERGY & TECHNOLOGY PARK

Satisfying Future Demand for Industrial Land

With the ever so tightening supply of readily developable industrial land in the Edmonton market, prices continue to increase steadily year over year as demand remains strong. In the second quarter of 2012, prices averaged around \$580,000 per serviced acre, in 2014 that price has gone up to \$800,000. Although the southeast has experienced the largest dollar value increase in prices, the northwest has seen the largest price gain over Q2 2012, inflating 52% in two years (\$460,000 to \$750,000 per acre).

Although diminishing supply is a leading factor in this price increase, the accelerating demand for all classes of industrial real estate will have a profound effect on where and when new product can be built. By acknowledging the growth in the oil and gas sector, along with the anticipated need for industrial land, Edmonton City Council has made way for the Edmonton Energy & Technology Park (EETP), whose Area Structure Plan encompasses approximately 12,000 acres of opportunity for investor/developers, tenants and owner/users. Located on the northeast border of the Anthony Henday, the EETP will support logistics, manufacturing, and general industrial users who will benefit from its proximity to the Industrial Heartland, and transportation routes up to Fort McMurray.

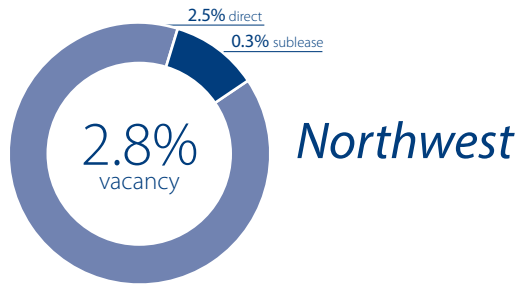
“Average land prices in the southeast have reached \$800,000 per serviced acre”

As an added advantage, the province has introduced a new high load corridor connecting the EETP to these heavy traffic routes, which will provide users a 1-2 hour savings in drive time to the oil sands relative to companies located in industrial parks south of Edmonton.

Early entrants to the EETP include developers such as Northern Premier Investments, Walton International, and WAM, who have cumulatively acquired over 600 acres and are set to bring on the first wave of industrial land in the area over the next 2-3 years.

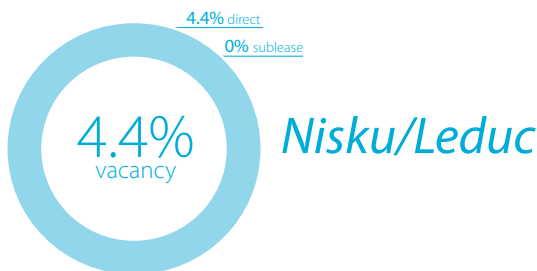
Provided the positive outlook for the Alberta economy and the locational benefits from which it is situated, the EETP will arguably unfold to become Edmonton's newest and most active industrial land market for years to come.





The northwest has been active in 2014 as vacancy rates have dipped below 3% and for the first extended period of time in past several years the northwest has a lower vacancy rate than southeast Edmonton. We expect vacancy to remain low into the 3rd quarter which will put upward pressure on rental rates for all tenant size ranges. The good news for tenants is there are several new developments that will be delivered late 2014 and early 2015 which will provide some needed options for west Edmonton tenants and will provide a nice option for traditional southeast Edmonton tenants looking to re-locate to the northwest. Later this year we will see some smaller bay infill developments such as **Nearctic's Commerce West Business Park** come to market while the larger developments continue to push towards the outskirts of the City. Located just south of Anthony Henday on 142 Street, **HOOPP's Rampart Business Park** continues to have success with its first two buildings and plans for future buildings early into 2015 and WAMS's new Henday Business Park will come to market in 2015.

Land options continue to be scarce and pricing for the few available options continues to push upwards into the \$700,000 range. This lack of options and higher pricing has led to several west Edmonton tenant purchasing land in Acheson as they look to trade their City address for lower pricing.

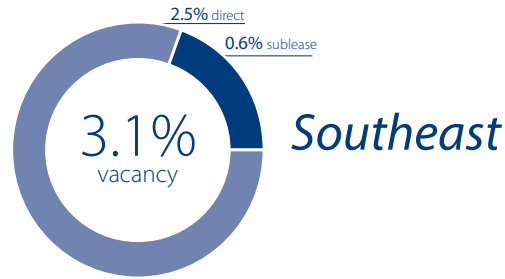


The Nisku / Leduc corridor has remained active through the second quarter of 2014 as strong leasing and land absorption has notched land prices up to **\$525,000+ per serviced acre**.

Although there continues to be a small inventory of speculative stand-alone buildings available for sale by developers/construction companies, not all users wish to own their real estate. Hoping to satisfy tenant demand, various developers such as Mancal, Farm Air, Melcor, Camgill and York have projects underway or completed that are being offered for lease.

Local infrastructure continues to improve, in particular the road network. Work continues on the 41st Avenue Interchange (tentative completion in early 2016) and the first phase of the 9th Street Nisku Spine Road. The completion of the widening of both Airport Road (10th Ave) and Highway 625 (20th Ave) have helped reduce peak time bottlenecks.

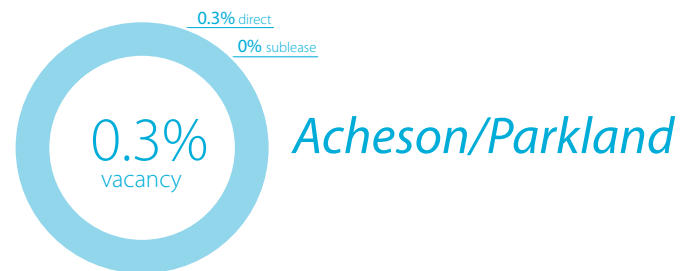
With an anticipated transaction to occur in Q4, we are eagerly watching to see how the sale and development of The Landing's 106 acres (QE II Highway and Airport Road) will materialize and offer some excellent land positions for users.



The preferred location for oilfield service and supply companies, the southeast market is experiencing a **declining supply of both land and leasable industrial inventory** as a by-product of a strong energy sector.

The lack of serviced land over the past years has translated into some very successful developments for those with land positions to build. **Oxford has enjoyed terrific lease-up of CityView Business Park**, with two new buildings currently under construction. Hopewell has also capitalized on the timing of their development, Cornerstone Business Park with strong leasing. Great West Life has two new small bay buildings under way at Prospect Park that will feature exposure to the Whitemud and fill a niche for this product class that has been lacking. Mancal Properties has a 5 acre site with terrific exposure to the Whitemud ready for build to suit.

It is rumored that the 70+ acre site currently occupied by Pe Ben on the Northwest corner of 17th Street and Whitemud freeway is pending to a developer. This could be the next great Southeast Edmonton business park site, if it comes to fruition.



Once considered a market that was more static or "simmering", the heat continues to get turned up in Acheson, as it has for the past 18 months. **One of the most active land markets in the region**, land prices for serviced parcels have surpassed \$400,000 per acre. Despite prices trending up, land in Acheson continues to be a viable and more affordable option for users looking to expand their presence there, or even move their operations from West Edmonton.

The leasing market remains tight, but for the first time in recent memory **developers/investors are beginning to spec buildings for lease and for sale**.

Expect momentum to continue in Acheson throughout the rest of 2014. If anything is to slow down the pace of land sales it would be a pending lack of supply.

	TOTAL INVENTORY	DIRECT VACANCY	SUBLEASE VACANCY	VACANCY RATE	VACANCY DIRECT	VACANCY SUBLEASE	SERVICED LAND COST
City of Edmonton							
Southeast	45,307,813	1,138,161	247,420	3.1%	2.5%	0.5%	\$800,000 / Acre
Northwest	46,585,285	1,161,982	125,000	2.8%	2.5%	0.3%	\$750,000 / Acre
Northeast	6,253,360	398,544	21,000	6.7%	6.4%	0.3%	\$575,000 / Acre
Central	3,741,143	67,091	-	1.8%	1.8%	-	

Surrounding Districts

Acheson	1,630,109	-	-	-	-	-	\$450,000 / Acre
Spruce Grove	1,253,536	11,000	-	0.9%	0.9%	-	\$350,000 / Acre
Stony Plain	256,955	-	-	-	-	-	\$350,000 / Acre
Sherwood Park	4,002,500	67,083	-	1.7%	1.7%	-	\$575,000 / Acre
Nisku/Leduc	8,695,455	384,608	-	4.4%	4.4%	-	\$525,000 / Acre

Totals

City	101,888,602	2,765,778	393,420	3.1%	2.7%	0.4%	
Surrounding	15,838,555	462,691	-	2.9%	2.9%	-	
Overall	117,727,157	3,228,469	393,420	3.1%	2.7%	0.3%	

Net Rent By Bay Size

Bay Size	Southeast	Northwest	Northeast	Central	Leduc/Nisku	Sherwood Park	Acheson	St. Albert
0 - 5,000	\$13.00 ▲	\$12.00 ▲	\$10.00 ▲	- -	\$16.00 ▲	\$14.00 ▲	- -	\$13.00 ▼
5,001 - 10,000	\$12.00 ▲	\$11.50 -	\$10.00 ▲	- -	\$15.00 ▲	\$13.00 -	\$12.00 ▲	- -
10,001 - 20,000	\$11.50 -	\$10.00 ▼	\$9.00 ▲	- -	\$13.00 ▼	\$13.00 ▼	\$12.00 ▲	- -
20,001 - 50,000	\$10.50 ▲	\$8.00 ▼	\$8.00 ▲	- -	\$13.00 ▼	\$10.00 -	\$12.00 ▲	\$9.00 ▲
50,001 & Up	\$10.50 ▲	\$8.00 ▲	\$7.50 ▲	- -	\$13.00 ▼	- -	\$10.00 ▲	\$9.50 ▲

Feature Listings**COMMERCE WEST BUSINESS PARK**

- 153 Street & 111 Avenue
- 121,500 sf on 7.64 acres available for lease
- Fall / Winter 2014

**10050 - 29A AVENUE**

- 103,916 sf including 6,000+ sf office
- 2.56 acres of yard storage included

**BUILD TO SUIT LAND**

- 5805 - 53 Avenue
- 5.19 Acres
- Combination of sizes to suit tenant's needs
- Exposure to Whitemud Drive

**RAMPART BUSINESS PARK**

- 142 Street & 157 Avenue
- Flexible bay sizes starting from 6,400 square feet with dock and grade loading and outside yard storage

Notable Lease Transactions (April, May, June)

Location	Type	Specialty	Size	Tenant
"Northport Business Park 175 Street & 129 Avenue"	New Build	Multi-Tenant	150,000	MTE
"Yellowhead Crossing Phase II 115 Avenue & 186 Street"	New Build	Multi-Tenant	56,100	All Therm Services Inc.
"Cornerstone Business Park Whitemud Drive & 34 Street"	New Build	Multi-Tenant	41,312	Quest Gasket & Supply Inc.
"Cornerstone Business Park Whitemud Drive & 34 Street"	New Build	Multi-Tenant	34,602	WFF Fittings & Flanges
"Rampart Business Park 142 Street & 157 Avenue"	New Build	Multi-Tenant	33,000	Highland Moving & Storage

Notable Building Sale Transactions (April, May, June)

Location	Subdivision	Zoning	Property	Sale Price	Unit Price	Vendor	Purchaser
6908 - 42 Street	Pylypow Industrial	IM	31,362 sf on 5.08 Acres	\$14,450,000	\$460.75 psf	1688039 Alberta Ltd.	BSG Real Estate Holdings Corp.
703/05 - 21 Avenue	Nisku	IND	44,732 sf on 7.17 Acres	\$8,500,000	\$190.02 psf	P & O Assets Ltd.	Alco Energy Indus- tries
5830 - 87A Street	Davies Industrial East	IH/IM	33,680 sf on 2.58 Acres	\$5,200,000	\$154.39 psf	Falvo Electrical Supply Ltd.	1388133 Alberta Inc.
14135 - 128 Avenue	Bonaventure Industrial	IM	61,200 sf on 2.84 Acres	\$4,700,000	\$76.80 psf	Delcrest Holdings Ltd.	Bonaventure JV Inc.
2020 - 84 Avenue	Sherwood Park	IM	25,900 sf on 2.09 Acres	\$3,800,000	\$146.72 psf	Diversey Inc.	9301 - 1849 Quebec Inc.

Notable Land Sale Transactions (April, May, June)

Location	Subdivision	Sale Date	Land Size	Sale Price	Unit Price (Acre)	Vendor	Purchaser
12516 - 184 Street	Kinokamau Plains Area	April 15, 2014	57.50 acres	\$17,250,000	\$300,000	Beaverbrook Developments Inc.	Trailer Wizards
53016 Hwy 60	Acheson	April 1, 2014	40.06 acres	\$10,015,000	\$250,000	Conсор Developers Inc.	Acheson West JV Inc.
15825 - 137 Avenue	Mistatim Industrial	May 8, 2014	6.60 Acres	\$4,620,000	\$700,000	1640541 Alberta Ltd.	137 Avenue Investments Corp.
1750 Aurum Road	Clover Bar Area	June 25, 2014	9.41 Acres	\$4,234,500	\$450,000	Focus Equities Alberta Inc.	Tremcar West Inc.
53016 - Highway 60	Acheson	May 22, 2014	9.79 Acres	\$3,377,550	\$345,000	Conсор Developers Inc.	1000133 B.C. Ltd

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