

Greater Edmonton Area

Industrial

After months of the energy sector being crushed by the weight of COVID, reduced demand, and the oil price war, it seems things are finally taking a positive turn, if only slightly. Phase 2 of Alberta's relaunch strategy was implemented in June, and interest in the industrial market has started to pick up. From requests for information, to performing tours, signs are showing that some groups are ready to pick up where they left off at the start of the year.

In response to the sharp decline of oil prices in April, which had a WCS price per barrel (ppb) of USD\$3.78,

major oil producers quickly reduced production volumes. Fortunately, prices have since increased to a ppb of USD\$32.36 as of July. While these prices are approximately \$10 ppb less than that seen in Q4 of 2019, it is a potential indicator of economic recovery. Cenovus, for instance, recently increased production capacity at their northeastern Alberta location in wake of the price recovery. The speed of recovery will be closely tied to general consumer demand and whether a second outbreak of COVID-19 occurs.

There has been increased interest in warehouse/

logistics space as businesses incorporate e-commerce into their business plans. The increased pressure on supply chains has also prompted some to stockpile product in anticipation for a wave of shopping to occur once more confidence is restored to consumers. In turn, this has also been a catalyst for some to expand their current space footprints.

As demand for industrial space begins to increase, the Avison Young Industrial team is here to provide clients with the insights and resources required to successfully navigate the market amidst the COVID landscape.

Market by the Number

	Total Inventory	Direct Vacancy	Sublease Vacancy	Vacancy Rate	Vacancy Direct	Vacancy Sublease	Serviced Land Cost
CITY OF EDMONTON							
South/Southeast	53,630,457	4,005,066	196,807	7.8% ▲ 2.4%	7.5% ▲ 2.3%	0.4% ▲ 0.1%	\$650,000 - \$800,000
Northwest	60,714,165	3,489,737	198,995	6.1% - 0.5%	5.7% ▲ 0.4%	0.3% ▲ 0.1%	\$625,000 - \$725,000
Northeast	6,809,847	308,823	-	4.5% ▲ 0.4%	4.5% ▲ 0.4%	- - -	\$525,000 - \$650,000
Central	3,959,926	88,176	-	2.2% ▲ 0.2%	2.2% ▲ 0.2%	- - -	-
SURROUNDING DISTRICTS							
Acheson	8,245,536	343,398	52,810	4.8% ▲ 2.0%	4.2% ▲ 2.1%	0.6% ▼ (0.1%)	\$400,000 - \$575,000
Sherwood Park	6,365,000	319,986	-	5.0% ▲ 1.0%	5.0% ▲ 1.0%	- - -	\$650,000 - \$750,000
Nisku/Leduc	18,447,582	1,685,845	61,756	9.5% ▲ 1.9%	9.1% ▲ 1.5%	0.3% ▲ 0.3%	\$450,000 - \$650,000
TOTALS							
City	125,114,395	7,891,802	395,802	6.6% ▲ 1.3%	6.3% ▲ 1.2%	0.3% - 0.1%	-
Surrounding	33,058,118	2,349,229	114,566	7.5% ▲ 1.7%	7.1% ▲ 1.6%	0.3% ▲ 0.2%	-
Overall	158,172,513	10,241,031	510,368	6.8% ▲ 1.4%	6.5% ▲ 1.3%	0.3% ▲ 0.1%	-

Net Asking Rent By Bay Size:	Southeast		Northwest		Northeast		Leduc/Nisku		Sherwood Park		Acheson	
	Multi-Tenant	Free-standing	Multi-Tenant	Free-standing	Multi-Tenant	Free-standing	Multi-Tenant	Free-standing	Multi-Tenant	Free-standing	Multi-Tenant	Free-standing
0 - 5,000 sf	\$9.75	\$11.75	\$10.75	\$10.75	\$9.50	-	\$9.75	\$13.75	\$14.25	-	\$11.00	-
5,001 sf - 10,000 sf	\$9.25	\$11.75	\$9.75	\$9.75	-	\$17.00	\$9.25	\$12.50	\$14.00	\$11.00	\$10.00	-
10,001 sf - 20,000 sf	\$9.00	\$11.25	\$8.00	\$9.75	-	-	\$10.00	\$12.25	\$12.00	\$12.00	\$14.50	\$15.00
20,001 sf - 50,000 sf	\$8.75	\$9.75	\$7.25	\$9.25	\$6.50	-	\$9.75	\$9.00	\$11.50	-	-	\$14.75
50,001 sf & Up	\$7.75	\$8.75	\$6.75	\$7.25	-	-	\$8.50	\$9.00	\$11.50	\$9.25	-	-

Quick Stats

6.8%
Overall Vacancy rate

+ 0.4%
Year-over-Year change in Vacancy Rate

0
New Q1 Supply

2.8m
Total space under construction

8
Number of properties in the Greater Edmonton Market with more than 150,000 sf available

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