

## Quick Stats

**2019**

Positive momentum remains evident in the market for multi-tenant and single tenant industrial properties across Greater Edmonton Area.

**186,434 SF**

Q1 Absorption

**6.2%**

Vacancy Greater Edmonton Area

**\$20,506,500**

Q1 Land Sales Greater Edmonton Area total over 12 transactions



Oil prices are hovering around \$45.33/barrel

"Alberta's GDP increased by 4.6% in 2018, the largest increase in Canada "

## Another Strong Year

Edmonton's industrial market is coming off a productive year in 2018. Completion of the 800,000 sf Aurora Sky cannabis production facility, AGLC's 546,000 sf liquor distribution centre, Ford Motor Company's 403,000 sf distribution centre, Rampart Industrial Parks Building 4 completion of 121,000 sf and 295,000 sf of multi-tenant warehouses in QEMT I & III buildings in Nisku tallied a successful year of industrial development in the Greater Edmonton Area.

With over two million square feet of new construction ongoing in 2019, the Edmonton industrial market is set to see another strong year of completions of large distribution/manufacturing facilities throughout the city. A clear majority of the construction is focused in industrial parks outside city limits. The advantage of corporate tax reduction and ease to market for supply chains have become a major selling point for properties outside of the city. Examples outside city limits include Amazon's 1 msf facility on 58 acres in Border Business Park (Nisku) and Champion Petfoods 400,000 sf production plant (Acheson) which is slated to open mid 2019. The MTE Logistix Warehouse measuring 500,000 sf remains one of the larger projects within city limits bordering the Anthony Henday ring road.

Industrial land sales for the Greater Edmonton Area have seen a substantial decrease year after year. 2019 began with \$20,506,500 in land sales over 12 transactions in comparison to the start of 2018 which saw 23 transactions take place equating to over \$109 million. Competitiveness for developments in and around the city has increase with land availability declining.

## Market Trends

Although the number of active drilling rigs has gone down in recent years, and WCS oil prices are hovering around \$45.33/barrel. Employment numbers have held consistent after stumbling through the recessionary periods in 2015-16. This improvement equates to an increase of 3,800 jobs seen in Alberta to start 2019 and is trending positively as the first quarter concludes. Alberta has long been viewed as a production powerhouse in Canada and continues to show signs of maintaining that status. The GDP for the province ended two consecutive years of decreases by boasting the largest increase in Canada at 4.6% in 2018 (\$327.4 billion).

The potential for growth in the province's energy sector has continually been truncated. Until prices move higher and the lack of pipeline capacity is addressed, there will be an ongoing struggle to gain a perspective on what the oil and gas industry will or will not produce. With the completion of the Line 3 pipeline project delayed until 2020, Alberta's energy industry is having a rigid start to 2019.

The appetite for industrial sales has maintained its presence in the Edmonton market to start 2019. Seven transactions that took place to begin the year totaling \$82,410,000, the largest of which was a six-property portfolio which York Realty sold to Toronto based GPM Real Property Inc. for \$24,500,000.

The portfolio contained properties summing

## Renewing the Alberta Advantage

On April 16, Albertans went to the polls and displayed their allegiance with the new Premier, Jason Kenney and the Progressive Conservative party. During his acceptance speech, Premier Kenney emphasized that Alberta was open for business and he was prepared to get the province back to work, re-instating investor confidence.

Premier Kenney outlined that a new era has been set forth for the province. Breaking down barriers to trade, diversifying the economy and focusing on the environmental footprint left behind are some of the main focus points the province will be looking towards. Beyond provincial and national borders Alberta energy will hopefully become an ethical world-wide source, allowing for prosperity to be felt across Canada.

The provincial election is projected to be a catalyst for the Alberta economy. Businesses have an opportunity to focus on the new government and align themselves with positive momentum moving forward. Aligning business models and investments with Premier Kenney and his government's beliefs will allow Albertans to see maximum return over the next four years.

Business values across the country should align as provinces are showing support for the Progressive Conservatives, from the Northwest Territories to New Brunswick. If this momentum continues, bills being put

forth to curb Alberta's natural resources from making it to market will likely be reprimanded and a quantifiable change will be set forth.

## Obstacles Facing Oil & Gas Industry

The Government of Canada introduced the proposed legislation (Bill C-68 & C-69) in an effort to protect the environment, fish and waterways, thus rebuilding decision making trust through the public's eyes in relation to resource development.

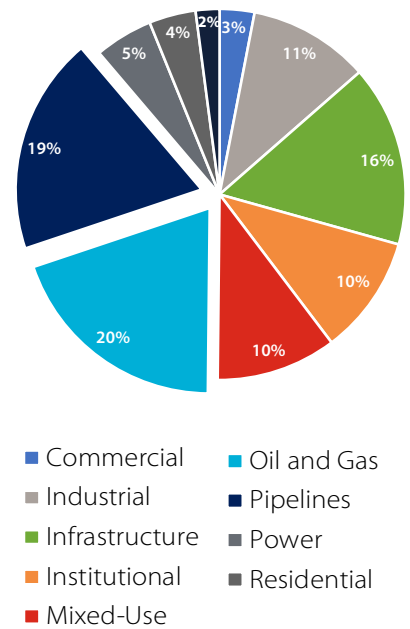
However, there is a piece of this legislation that would effectively give the Environment and Climate Change Minister the ability to stop a project in its tracks. This is the largest criticism faced by the proposed bill as no reports or justification would be necessary as to why a project should be halted.

Bill C-48 outlines the regulation of vessels that transport crude oil or persistent oil to or from ports marine installations located along British Columbia's north coast. This bill was introduced by the Minister of Transport in the House of Commons in May 2017. While it has made it to the Standing Committee on Transport and Communications, there has been equally as large of objection to a bill that has the underlying motive of inhibiting oil and gas products making it to market.

This is another piece of legislation that has been put forth to bring a halt to Alberta oil and gas products having fair access to

other markets. While no other bans exist across Canada such as this, the Alberta government is faced with another hurdle in place to attempt to get our bitumen and other products to market. Jason Kenney's government will need to push for fairness across all provinces and Canada as a whole for Alberta to be able to market itself as a key player in the global oil and gas industry.

## Under Construction Major Projects in Alberta



## Notable Sale Transactions - Q1 2019

Location	Subdivision	Date	Property	Sale Price	Unit Price (psf)	Vendor	Purchaser
11755 - 108 Avenue	Queen Mary Park	09-Jan-19	218,126 sf on 13.68 acres	\$24,500,000	\$112.32	York Realty Inc.	GPM (13) Inc.
4104 - 78 Avenue	Weir Industrial	15-Jan-19	170,273 sf on 10.95 acres	\$18,300,000	\$107.47	SPIRE Sherwood Business Centre Inc.	FEIGEL Investments Ltd.
17306 - 116 Avenue	Armstrong Industrial	10-Jan-19	148,470 sf on 10.5 acres	\$17,525,000	\$118.03	BCIMC Realty Corporation	Summit (17306 117th Avenue NW) Ltd.
15110 Yellowhead Trail	Gagnon Estates Industrial	14-Feb-19	59,750 sf on 3.29 acres	\$6,000,000	\$100.42	Guido & Isabella Cassinine	Yellowhead Trail ULC

## Featured Listings

11219 - 189 Street  
Edmonton, AB



**BUILDING:** up to 87,767 SF  
West Edmonton distribution hub, easy access to Yellowhead Trail and Anthony Henday Drive.

2308 - 8 Street  
Nisku, AB



**BUILDINGS:** 130,798 SF  
**SITE:** 29.33 ACRES  
Four buildings comprised of office, fabrication facility, warehouse and shop space. 10 overhead cranes.

Element Business Center  
Edmonton, AB



**BUILDING:** 151,793 SF  
A new showcase-quality, mid-sized industrial development comprised of two buildings. Exposure to 184 Street, dock and grade loading.

18204 - 107 Avenue  
Edmonton, AB



**BUILDING:** 6,400 SF (+/-)  
**SITE:** 8.19 ACRES  
Fully serviced, fenced and gravelled across entire property. Easy access to Anthony Henday Drive.

8917 - 13 Street  
Strathcona County, AB



**BUILDING:** 14,700 SF  
**SITE:** 2.50 ACRES  
Additional 4,500 sf storage building at rear of site. Grade loading, secure yard and ample parking.

Freestanding Building  
Acheson, AB



**BUILDING:** 15,700 SF  
**SITE:** 1.65 ACRES  
New construction, fully fenced and secured yard, 4 drive-thru, 4 drive-in bays, close proximity to Hwy 16 and Hwy 16A.

## Notable Lease Transactions - Q1 2019

Location	Size (sf)	Tenant	AVISON YOUNG
11104 - 180 Street	159,000	Crossroads C&I Distributors Inc.	AVISON YOUNG
Westpoint Corporate Centre	120,853	Wesco Distribution Canada	AVISON YOUNG
Cityview Business Park Building 10	39,326	Colinx Canada ULC	AVISON YOUNG
Cityview Business Park Unit 26, Building 12	27,602	S-I IPVF Canada Inc. (Sunbelt Supply Co.)	AVISON YOUNG
14069 - 128 Avenue	27,216	Sonoco Canada Corporation	AVISON YOUNG
City West Business Park Building A Bays 1,2 &3	21,469	G.N. Johnston & Equipment	
South Central Business Park Building G	11,260	Barco Supply Ltd.	

## Market by the Number

	Total Inventory	Direct Vacancy	Sublease Vacancy	Vacancy Rate	Vacancy Direct	Vacancy Sublease	Serviced Land Cost
<b>CITY OF EDMONTON</b>							
South/Southeast	53,392,207	3,120,447	273,963	6.4% ▼ (0.3%)	5.9% ▼ (0.3%)	0.5% -	\$650,000 - \$800,000
Northwest	60,212,889	3,564,151	176,048	6.2% ▼ (0.7%)	5.9% ▼ (0.6%)	0.3% ▼ (0.1%)	\$625,000 - \$725,000
Northeast	6,797,707	100,388	-	1.5% ▲ 0.3%	1.5% ▲ 0.3%	- - -	\$525,000 - \$650,000
Central	3,959,926	111,972	25,161	3.5% ▲ 0.2%	2.9% ▼ (0.4%)	0.6% - -	-
<b>SURROUNDING DISTRICTS</b>							
Acheson	7,844,536	302,655	218,265	6.6% ▲ 1.4%	3.9% ▲ 1.0%	2.7% ▲ 0.4%	\$400,000 - \$575,000
Sherwood Park	6,365,000	453,679	16,000	7.4% ▼ (0.9%)	7.1% ▼ (1.0%)	0.3% - -	\$650,000 - \$750,000
Nisku/Leduc	17,652,593	1,262,324	17,100	7.2% ▲ 1.7%	7.1% ▲ 1.7%	0.1% - -	\$450,000 - \$650,000
<b>TOTALS</b>							
City	124,362,729	6,896,958	475,172	5.9% ▼ (0.5%)	5.5% ▼ (0.5%)	0.4% - -	-
Surrounding	31,862,129	2,018,658	251,365	7.1% ▲ 1.1%	6.3% ▲ 1.0%	0.8% ▲ 0.1%	-
Overall	156,224,858	8,915,616	726,537	6.2% ▼ (0.1%)	5.7% ▼ (0.1%)	0.5% - -	-

Net Asking Rent By Bay Size:	Southeast		Northwest		Northeast		Leduc/Nisku		Sherwood Park		Acheson	
	Multi - Tenant	Freestanding	Multi - Tenant	Freestanding	Multi - Tenant	Freestanding	Multi - Tenant	Freestanding	Multi - Tenant	Freestanding	Multi - Tenant	Freestanding
0 - 5,000 sf	\$10.00	\$10.75	\$10.75	\$14.00	\$9.50	\$12.00	\$12.25	\$14.00	\$14.25	\$15.00	\$11.00	\$14.00
5,001 sf - 10,000 sf	\$9.50	\$12.50	\$9.75	\$11.00	\$9.00	\$10.00	\$11.25	\$14.00	\$12.25	\$15.00	\$10.00	\$14.00
10,001 sf - 20,000 sf	\$9.75	\$10.00	\$8.50	\$9.50	\$8.50	\$10.00	\$12.75	\$12.75	\$12.50	\$14.75	\$9.50	\$11.50
20,001 sf - 50,000 sf	\$9.00	\$9.50	\$8.00	\$9.50	\$7.50	\$10.00	\$13.00	\$13.00	\$14.00	\$8.00	\$9.00	\$13.00
50,001 sf & Up	\$8.00	\$7.50	\$8.00	\$6.50	\$6.50	\$8.00	\$13.00	\$15.00	\$11.50	\$6.50	\$9.00	\$10.00

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