



Q1 2021 Industrial Occupier

Edmonton Industrial Market

An Insight into the Edmonton Industrial Market

cresa



Introduction to Cresa

Who We Are

Cresa is Alberta's (and North America's) largest corporate real estate firm exclusively focused on representing occupiers and users of office and industrial real estate. Having opened our Edmonton office just over a year ago, we service users of all sizes and in all industries – no landlords, no developers - just tenants, so we can be completely objective, focused and minimize conflict. By concentrating single-mindedly on occupier issues, we provide our clients with the perspective and the experience to level the playing field in landlord-tenant relations. Cresa is in the tenant's corner, and with vacancy climbing amidst continued uncertainty this unique service offering has never been of more importance.

In addition to Cresa's unbiased corporate model, our approach to real estate is entirely strategic. Before we think about space, we think about the business needs behind them. This targeted focus is supported by a complete array of integrated services that cover every stage of the real estate life cycle: from workplace intelligence; transaction management and negotiation; and finally, project management including construction and relocation. These services drive the tactical execution behind our strategic thinking, and lead directly to solutions that reduce costs, improve operations, enhance the performance and culture of your workforce.

We pride ourselves on delivering a consultative approach and standing shoulder to shoulder in partnership with our clients. To that end, our literature is crafted in the same way – the straight goods from the tenant's perspective. We hope it proves a refreshing read.

We are pleased to present this inaugural issue of our Edmonton Industrial Market Report, The Industrial Occupier. The following pages offers a comprehensive look at what is currently happening in our market and what we anticipate will be coming in the following months. We hope this report provides some valuable information to you and look forward to delivering more insights to you in the future.

Market Overview

Industrial Market

Increased Velocity in the Industrial Market

It is difficult to believe that at the beginning of the Covid lockdowns in Q2 of 2020, that a year later we would be reporting that the overall vacancy has declined in Edmonton. The Greater Edmonton area has experienced approximately 500,000 square feet of absorption in Q1 of 2021 and over 3.0 million square feet of absorption year over year. Furthermore, since the beginning of Q1 2021, CoStar has tracked nearly 1.5 million square feet of lease signings with the average size range being 10,000 square feet. What does this mean for tenants in the greater Edmonton market? The diversity of our industrial market is creating demand that encompasses small to large industrial vacancies and availabilities.

While the entire Alberta economy is reliant on the energy sector, the Edmonton market has managed to diversify its economy leading to a softer landing due to oil downturns. Finance, health, tech and government administration are

all well represented within the economy with health, tech tenants, food service and e-commerce transportation companies assisting in the industrial market increase. Despite the uncertainty in the market due to Covid, the overall vacancy has dropped to 6.07% in Q1 with the forecasted vacancy rate to continue to decline. The cost increase and supply shortage of construction materials such as steel and lumber may delay the delivery of new industrial buildings currently under construction, this will further put downward pressure on the vacancy rate as supply diminishes.

Contrary to this forecast, we have seen a slight decline of 5.3% in rental rates. With the turbulence in the market, tenants can still enjoy a wide range of availabilities in the market from Class A new development to “below market” priced Class B-C industrial space.

Canada Cartage leases over 200,000 sf at Border Business Park

Canada Cartage is a transport and distribution company with terminals across North America. One Properties completed this spec building, following the delivery of Amazon's YEG1 and was then fully leased by Canada Cartage, with occupancy expected late 2021.



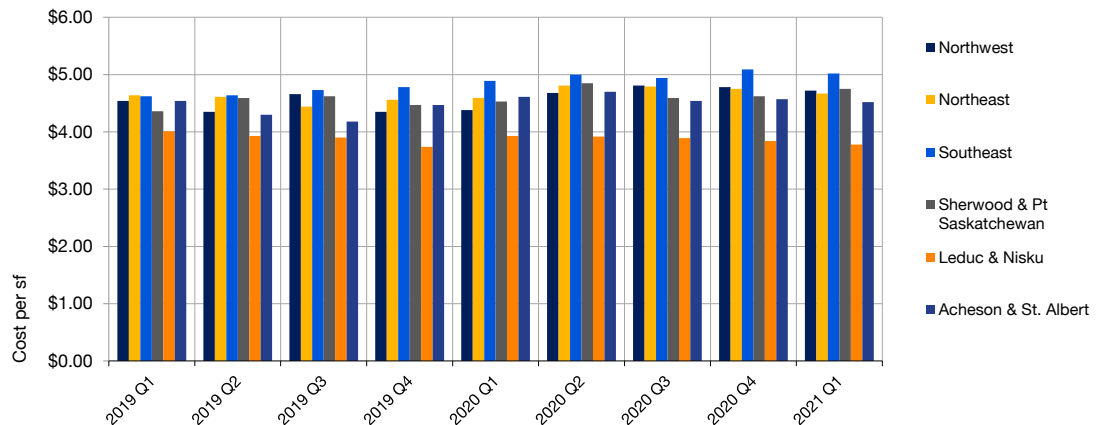
Edmonton Industrial Notable Transactions

Tenant	Building Name/Address	Area	Type
Canada Cartage	Border Business Park, Bldg P	219,000 sf	Headlease
Hello Fresh	Monarch Business Park, Bldg 5	187,000 sf	Headlease
Automann	Apex Business Park, Bldg 1	116,000 sf	Headlease
Structube	Southport Crossing, Bldg 2	108,000 sf	Headlease
General Body & Equipment	3707 - 97 Street	103,000 sf	Sale/Headlease
Grizzly Trucks	6311 Roper Road	55,000 sf	Headlease
MVP Team Photos	Norwester Industrial	53,000 sf	Sublease
Ice Cream Depot	Monarch Business Park, Bldg 3	50,000 sf	Headlease

Edmonton Notable Industrial Developments

Building Name	Market	Area	Est. Completion	Owner/Development
Amazon Sortation Facility	Acheson	2,900,000 sf	Q3 2022	Panattoni Development
Uline	St. Albert	591,000 sf	Q2 2021	QuadReal Property Group
Horizon Business Park, Bldg E	Northwest	214,000 sf	Q1 2022	Hopewell Development
Anthony Henday Business Park, Bldg 1	St. Albert	197,000 sf	Q4 2021	QuadReal Property Group
Southport Crossing, Bldg 3	Southeast	154,000 sf	Q 2022	Sun Life Real Estate

Historical Industrial Operating Costs



Industrial Supply
186,459,501 sf

Industrial Vacancy
6.07%

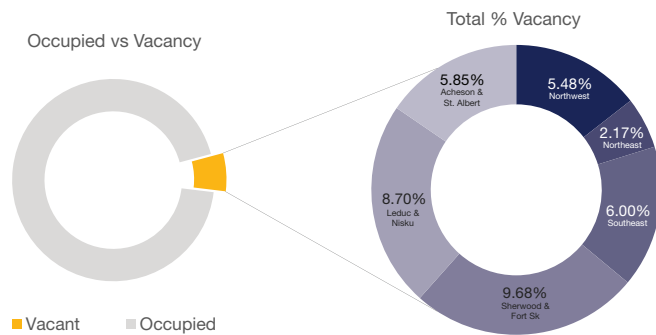
Overall Industrial Vacancy
11,327,387 sf

Q1 2021 Industrial Absorption
494,366 sf

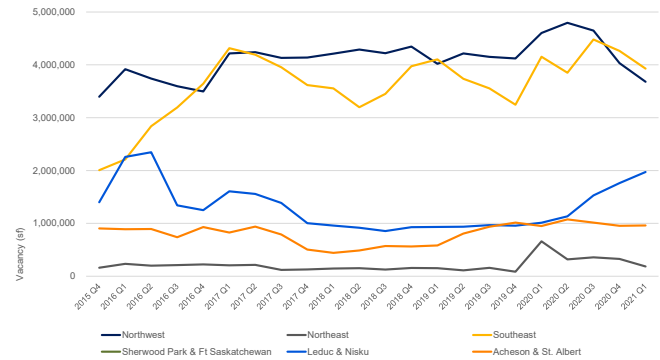
Q1 2021 Vacancy Summary, Industrial

QUADRANT	TOTAL INVENTORY (sf)	HEADLEASE (sf)	HEADLEASE (%)	SUBLEASE (sf)	SUBLEASE (%)	TOTAL (sf)	TOTAL (%)
North West	67,198,814	3,502,365	5.21%	176,944	0.26%	3,679,309	5.48%
North East	8,532,199	183,037	2.15%	2,500	0.03%	185,537	2.17%
South East	65,452,936	3,686,341	5.63%	242,823	0.37%	3,929,164	6.00%
Sherwood & Ft Saskatchewan	6,206,934	563,437	9.08%	37,455	0.60%	600,892	9.68%
Leduc & Nisku	22,667,399	1,930,171	8.52%	42,235	0.19%	1,972,406	8.70%
Acheson & St. Albert	16,401,219	901,229	5.49%	58,850	0.36%	960,079	5.85%
Total Industrial	186,459,501	10,766,580	5.77%	560,807	0.30%	11,327,387	6.07%

Breakdown of Vacancy by Submarket

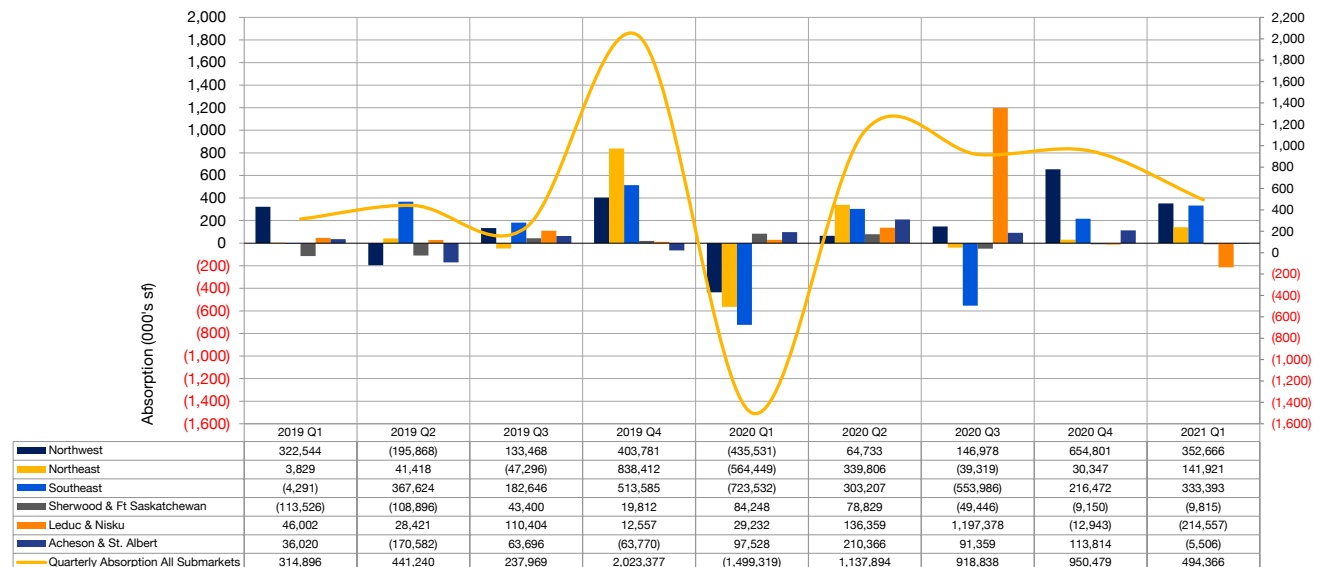


Historical Industrial Vacancy



Historical Absorption

Reported Submarkets



CONTACT INFORMATION

TRANSACTION MANAGEMENT ADVISORY TEAM, EDMONTON

Nicholas Farnden
780.938.7343
nfarnden@cresa.com

Byron Wakeling
780.993.2367
bwakeling@cresa.com

Todd Walker
780.952.8331
twalker@cresa.com

TRANSACTION MANAGEMENT ADVISORY TEAM, CALGARY

David Miles
403.809.5859
dmiles@cresa.com

Donna Lea Banks
403.571.6018
dbanks@cresa.com

Austin Leclerc
403.690.2001
aleclerc@cresa.com

Cresa

10088 - 102 Avenue, Suite 1409 | Edmonton, AB T5J 2Z1
main 780.900.8781

cresa.com

606 - 4 Street SW, Suite 1400 | Calgary, AB T2P 1T1
main 403.571.8080

Cresa is an international corporate real estate advisory firm that exclusively represents tenants and specializes in the delivery of fully integrated real estate services, including: Workplace Intelligence, Transaction Management, Project Management, Consulting, Lease Administration, Location Strategy & Economic Incentives, Facilities Management, Global Portfolio Solutions and Investment Banking. For more information, visit www.cresa.com.

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Thinking
strategically.

Acting
objectively.