



# Q4 2024 Industrial Occupier

## Edmonton Industrial Market







# Market Overview

## Industrial Market

### Q4 2024 Review: Greater Edmonton Industrial Market

#### Vacancy Trends:

We experienced a slight decrease in vacancy from 3.06% in Q3 2024 to 2.79% in Q4 2024, with an overall vacancy rate of 3.17%, which includes sublease vacancies. In the Q3 2024 issue of The Occupier, we shared insights on Canadian interest rates drops and projections indicating a further decrease by early 2025. We shared our projections on an uptick in transactions within the owner/user and investment industrial sectors as well insights on lower borrowing costs typically encourage more activity in the market, making it an attractive time for businesses and investors to consider new acquisitions. As we move forward, we expect that the combination of declining interest rates and strategic market adjustments in response to the capital gains tax will drive a notable increase in activity across the industrial real estate sector in the Greater Edmonton Area. With a six-month lag in sale transaction data, we will compare the overall sales trend for 2024 in mid-year 2025 with a comparison to the mid-year point of 2024 which will be outlined in this issue of The Occupier.

#### Market Activity and Sale Transactions:

In 2024, the industrial market has experienced a notable slowdown in transactions. For owner/user industrial properties, the number of transactions dropped from 55 in 2022 to 41 in 2024, with total dollar values decreasing from \$170.8 million to \$115.8 million.

This trend reflects a more cautious market with fewer transactions, likely influenced by factors such as higher interest rates and capital gains tax implications. However, despite fewer transactions, the average price per square foot has risen from \$186 in 2023 to \$199 in 2024, suggesting that demand for industrial properties remains relatively strong, while inventory remains tight.

Investment activity has followed a similar pattern. Multi-bay warehouse transactions saw a significant drop in dollar value, falling from \$270.7 million in 2023 to \$62.5 million in 2024, with the number of transactions halving from 13 to just 7. In contrast, single-tenant warehouse transactions experienced a resurgence, with dollar values increasing from \$15.8 million to \$38.9 million and the number of transactions rising from 1 to 4. This shift indicates a growing preference for single-tenant properties, likely driven by the search for stable, long-term returns amidst uncertain economic conditions.

#### New Development and Absorption:

The development pipeline has seen continued activity, with substantial absorption noted in new speculative builds. Notably, significant developments like 41 Business Park completed construction in Q4 remain vacant, but Border Business Park completed a 212,000 square foot lease transaction in Q4. Despite the increased activity in mid-sized user demand (for spaces of 20,000-



Industrial Supply

198,874,964 sf



Industrial Vacancy

3.17%



Overall Industrial Vacancy

6,301,159 sf



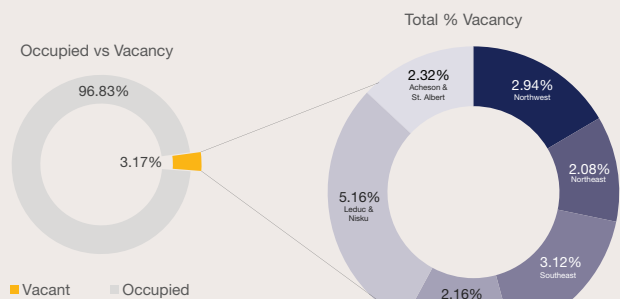
Q4 2024 Industrial Absorption

902,545 sf

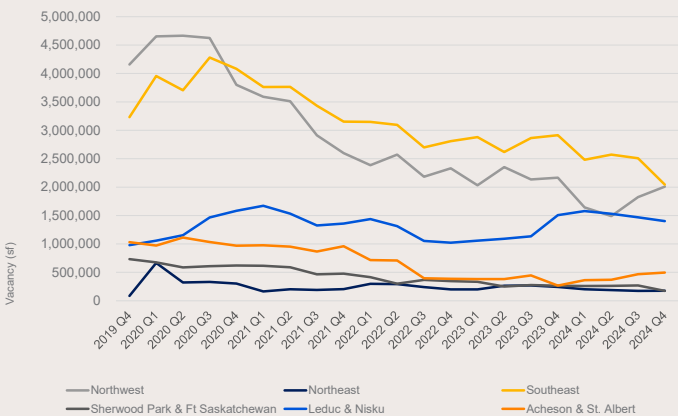
Q4 2024 Vacancy Summary, Industrial

QUADRANT	TOTAL INVENTORY		HEADLEASE		SUBLEASE		TOTAL	
	(sf)	(sf)	(%)	(sf)	(%)	(sf)	(%)	
North West	68,299,093	1,714,840	2.51%	293,370	0.43%	2,008,210	2.94%	
North East	8,420,558	175,548	2.08%	0	0.00%	175,548	2.08%	
South East	65,545,119	1,700,576	2.59%	343,341	0.52%	2,043,917	3.12%	
Sherwood & Fort Sask.	8,072,555	160,249	1.99%	13,800	0.17%	174,049	2.16%	
Leduc & Nisku	27,172,315	1,301,532	4.79%	101,616	0.37%	1,403,148	5.16%	
Acheson & St. Albert	21,365,324	496,287	2.32%	0	0.00%	496,287	2.32%	
Total Industrial	198,874,964	5,549,032	2.79%	752,127	0.38%	6,301,159	3.17%	

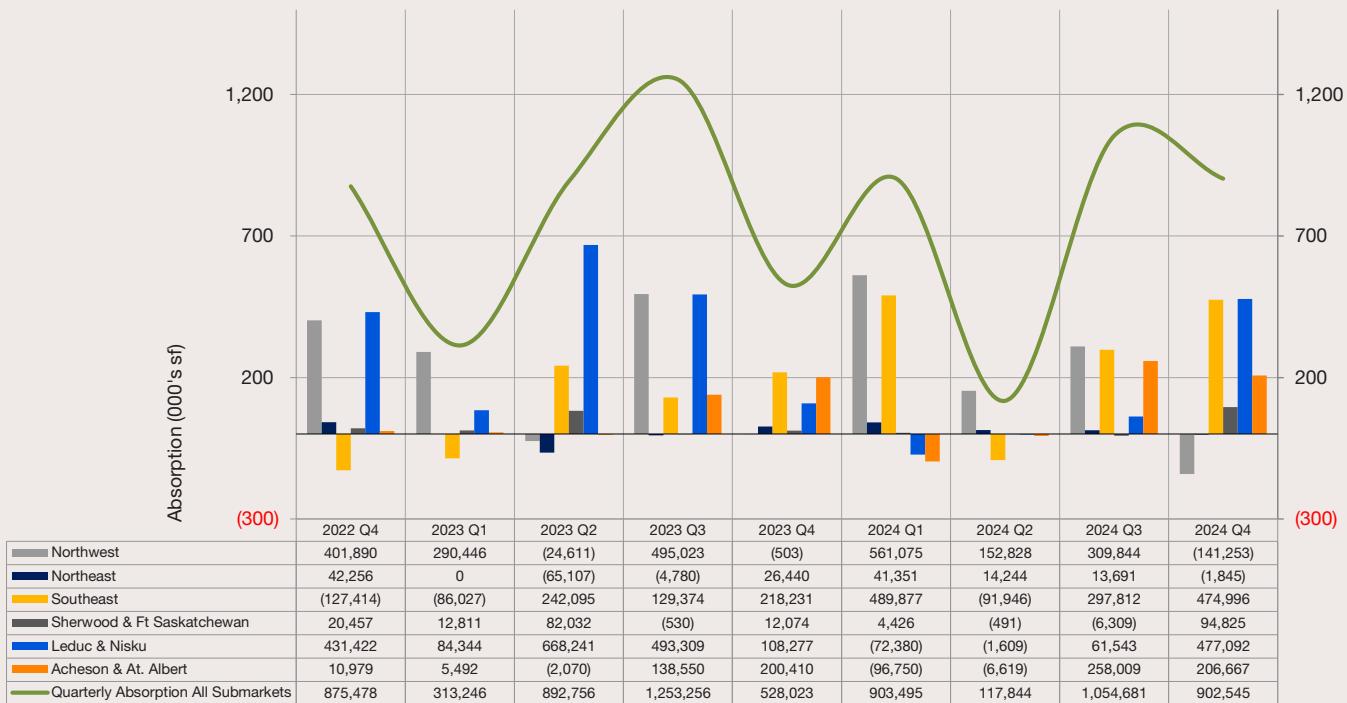
Breakdown of Vacancy by Submarket



Historical Industrial Vacancy

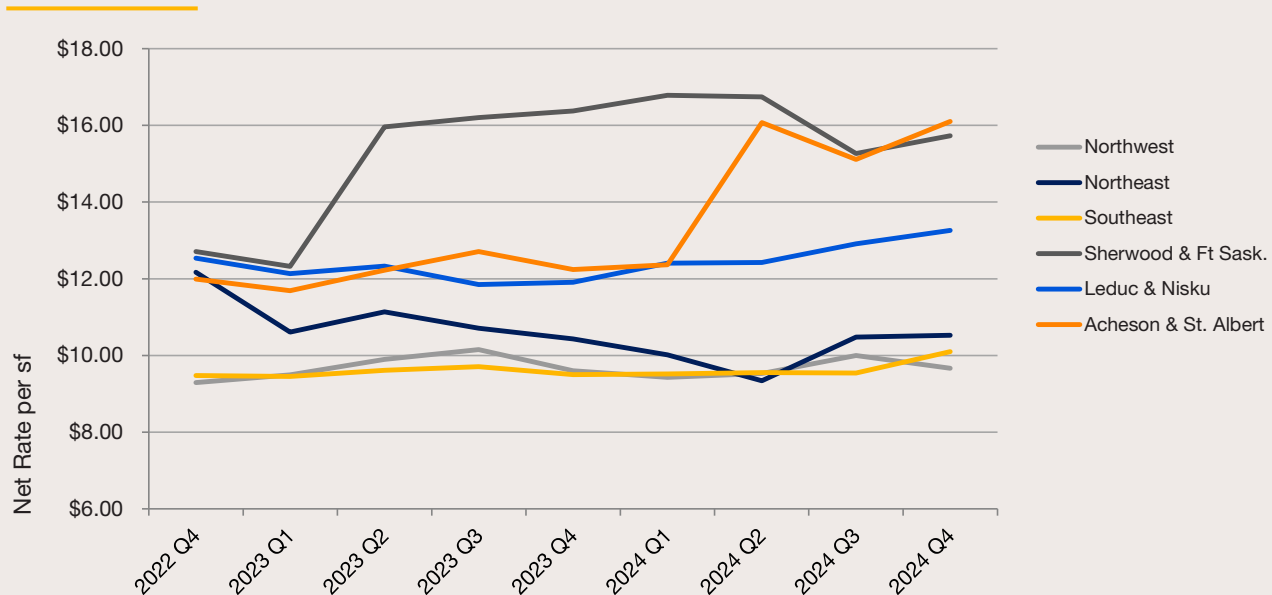


Historical Absorption  
Reported Submarkets



## Average Asking Net Rates

Reported Submarkets



50,000 sq. ft.), there is continued activity with Tenants over 150,000 square feet. This shift reflects both the local economic conditions and broader trends across North America, where larger industrial requirements are more cautious but active in the face of higher interest rates and inflationary pressures.

### Economic Overview:

From a macroeconomic perspective, Canada's industrial market saw subdued growth, mirroring trends observed in the United States. Both markets experienced slowdowns due to post-pandemic market adjustments, with new construction deliveries outpacing absorption. However, signs of recovery are emerging, with business inventories and imports starting to pick up again, signaling the potential for renewed activity. Canadian interest rates, which had reached 3.25%, were forecast to continue their downward trajectory, potentially spurring more market activity as borrowing costs decrease.

Locally, Edmonton's economy has shown resilience in the face of challenges. Population growth forecasts were revised upward, indicating stronger demand for industrial space, while real GDP growth slowed. Despite an increase in inflation and interest rates, the local

economy remained relatively strong, providing a stable foundation for industrial real estate activity. The forecast for Edmonton's economy suggests a slight moderation in growth with but continued population expansion.

### Outlook for 2025

Looking forward, we expect a potential increase in transaction volumes and market activity, particularly as Canadian interest rates are projected to continue their decline. This, coupled with strategic adjustments in the market, particularly in response to capital gains taxes, may spark more interest from both buyers and investors. The Greater Edmonton industrial market appears well-positioned to see a rebound in activity as these macroeconomic factors play out in favor of both owner/users and industrial investors.

In conclusion, while 2024 has seen a tempered pace in industrial market activity across the first three quarters, key indicators suggest a potential upturn as the year closes, driven by economic stabilization, interest rate adjustments, and continued demand for industrial properties. The Greater Edmonton industrial market is poised to remain a strong player in the broader North American context, offering opportunities for those ready to navigate the changing landscape.

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