

## Industrial Q2 2024

**3.7%**  
Overall Vacancy Rate

YoY Chg ▲ 12-Mo. Forecast ▲

**109,412**  
Net Absorption, SF

YoY Chg ▲ 12-Mo. Forecast ▼

**\$10.33**  
Asking Rent, PSF

YoY Chg ▼ 12-Mo. Forecast ▲

Overall, Net Asking Rent  
Source: CoStar, Cushman & Wakefield Research

### ECONOMIC INDICATORS Q2 2024

**853.3K**  
Edmonton Employment

YoY Chg ▲ 12-Mo. Forecast ▲

**7.1%**  
Edmonton Unemployment Rate

YoY Chg ▲ 12-Mo. Forecast ▲

**6.4%**  
Canada Unemployment Rate

YoY Chg ▲ 12-Mo. Forecast ▲

Source: Statistics Canada

### ECONOMY

Inflationary pressures and high interest rates have eased over the last quarter, signaling renewed confidence in the Canadian economy. In June 2024, the Bank of Canada cut the overnight interest rate by 25 basis points, from 5.00% to 4.75%, with further reductions anticipated later this year. Alberta's economy remains strong and is poised for growth with the Trans Mountain Pipeline becoming operational in May 2024. Despite initial delays, the pipeline's first month saw it transport enough crude oil to fill 20 tankers, with shipments heading to China, Japan, and South Korea. As of June 2024, oil prices were around \$80 USD per barrel, with the price spread between WTI and Alberta's WCS widening by \$2 USD to -\$14 per barrel since the first quarter of 2024.

Source: TD Provincial Economic Outlook, Bank of Canada, Government of Alberta, Oilprice.com

### DEMAND

The capital region experienced a net absorption of 104,412 square feet (sf), marking a year-over-year decrease of 70%. Despite this decline, the overall industrial vacancy rate in the Edmonton region increased to 3.7%, up 10 basis points (bps) from 3.6% in the second quarter of 2023. The northwest submarket saw the highest negative absorption this quarter at -278,200 sf, largely due to the completion of Anthony Henday Business Park Building 2B in St. Albert. Conversely, the submarkets of Sherwood Park/Strathcona County and Leduc/Nisku saw increased absorption, at 226,033 sf and 180,608 sf respectively. City-wide average asking rents decreased by \$0.29 quarter-over-quarter, with Acheson experiencing a drop of \$0.89. Despite this, Acheson still has the lowest vacancy rate among all submarkets in the Edmonton region. Average additional rent rates increased by \$0.05, reflecting a slight rise while maintaining the trend of elevated operating costs. A notable completion in the second quarter of 2024 was the 253,973 sf warehouse at Anthony Henday Business Park Building 2B in St. Albert. The second half of 2024 is expected to see a substantial influx of industrial inventory, with much of it already pre-leased.

Industrial investments surged in the Edmonton region in the second quarter of 2024. Notably, Voltarix Group announced a 22.6-megawatt solar power project in Parkland County. This initiative will see approximately 41,500 solar modules installed across 120 acres to generate 31,000 megawatt-hours of energy - sufficient to power 4,500 homes. It aligns with Alberta's goal of sourcing 30% of its energy from renewable sources by 2030. Additionally, Varme Energy, in partnership with Gibson Energy and the Canada Growth Fund, has announced plans to advance their waste-to-energy project in Strathcona County. This facility aims to convert 150,000 tons of landfill waste into usable energy annually. While the final investment decision is expected next year, the facility is projected to become operational by late 2027. The construction phase is anticipated to create over 250 jobs over 2.5 years.

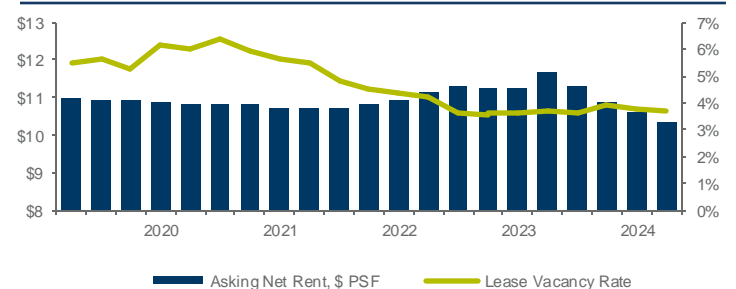
### OUTLOOK

Vacancy is expected to rise in the second half of 2024 largely due to new construction coming into the market. Nonetheless, appetite for industrial property will remain robust and the continued interest rate cuts could further catalyze both sale and lease activity in the coming months.

#### SPACE DEMAND / DELIVERIES



#### OVERALL LEASE VACANCY & NET ASKING RENT



## Industrial Q2 2024

### MARKET STATISTICS

KEY SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	AVG NET RENTAL RATE	AVG NET ADDITIONAL RATE	AVG GROSS RATE
Southeast	47,468,222	4.00%	-63,621	69,222	304,001	0	\$9.22	\$4.71	\$13.93
Northeast	6,253,154	3.00%	-4,021	19,100	0	0	\$9.51	\$4.12	\$13.63
Northwest/Central*	58,870,679	3.70%	-278,220	60,967	938,648	253,973	\$9.11	\$4.44	\$13.55
Sherwood Park/Strathcona County	9,150,935	3.50%	226,033	221,412	121,181	0	\$10.68	\$3.99	\$14.67
Acheson**	14,594,466	0.90%	48,633	54,075	310,000	0	\$12.48	\$4.17	\$16.65
Leduc/Nisku	25,512,401	6.80%	180,608	281,079	697,789	0	\$10.96	\$4.11	\$15.07
<b>EDMONTON MARKET TOTALS</b>	<b>161,849,857</b>	<b>3.7%</b>	<b>109,412</b>	<b>705,855</b>	<b>2,545,192</b>	<b>253,973</b>	<b>\$10.33</b>	<b>\$4.25</b>	<b>\$14.42</b>

Source: CoStar, Cushman & Wakefield Research, \*Sturgeon County and \*\*Parkland County included in total.

### KEY LEASE TRANSACTIONS Q2 2024

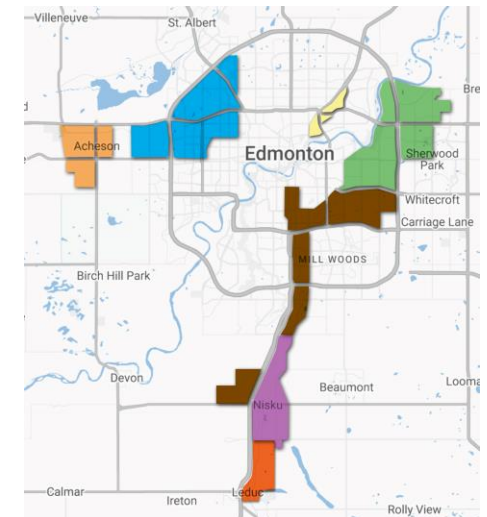
PROPERTY	SUBMARKET	TENANT	SF	TYPE
250 Diamond Ave	Parkland County	Confidential	131,551	Headlease
8000 Buckingham Dr	Sherwood Park	SITE Energy Services	34,320	Headlease
6703-6823 68 Ave	Southeast	Inline Industries Ltd.	28,273	Headlease
Plaza 50	Southeast	Z Floors	28,000	Headlease

### KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SIZE (SF)	PRICE / \$ PSF
10930 184 St	Northwest	West Thorn Realty Inc. / Anthem Northwest Edmonton Industrial Holdings GP Ltd.	163,596	\$17,800,000 / \$108.80
6005 72A Ave	Southeast	Imperial Equities Inc. / Resman Holdings Ltd.	58,393	\$13,790,000 / \$236.16
9404 39 Ave	Southeast	West Thorn Realty Inc. / York Realty Inc.	98,730	\$12,000,000 / \$121.54
14735 124 Ave	Northwest	Coffer Holdings Ltd. / Durum Industrial Real Estate GP Inc.	105,930	\$8,500,000 / \$80.24

### KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	OWNER / DEVELOPER	COMPLETION DATE
The Brick/Leon's Distribution Centre	Northwest	500,000	Qualico	Q4 2024
41 Business Park – Building 1	Leduc/Nisku	366,932	ONE Properties & Vestcor	Q4 2024
Home Depot Distribution Centre	Acheson	210,000	Qualico	Q3 2024
Kohltech Windows & Doors Manufacturing and Distribution Facility	Northeast	143,400	Kohltech Windows and Doors	Q1 2025
Buckingham Drive Multi-Tenant Building	Sherwood Park	121,181	Chohan Group of Companies Inc.	Q4 2024



For more information, contact:

#### INDUSTRIAL TEAM

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