

INVESTMENT FORECAST

Industrial
Edmonton

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2022

Connectivity and Comparably Favourable Rental Costs Propel Tenant Interest

Location drives hot market. Steady population growth, combined with Edmonton's centralized location that features rail and road connectivity, is spearheading the rapidly improving industrial landscape. While Vancouver is the prominent point of first contact for goods coming from Asia, Edmonton has benefited from spillover demand, due to less expensive rents and greater space availability. Additionally, Edmonton operates as a middle point between Vancouver and more eastern locales like Winnipeg and Toronto, providing firms with access to a large portion of the Canadian population. These factors are responsible for the steep vacancy decrease logged from the end of 2018 through last year. Availability will continue to contract in 2022, as much of the delivery pipeline is pre-leased, headlined by a new Amazon facility in Parkland County. The speculative construction that is moving forward is expected to lease fairly quickly as well. Local firms operating out of smaller facilities will likely expand once new, large floorplans become available.

Edmonton Industrial Investment Trends


- Strong buyer interest drove 2021 trade volume to exceed the 2015-2020 annual average. Competition for listings resulted in the average sale price growing by a sizable margin last year.
- As new space opens and firms enlarge their local footprint, investors could look to target smaller, newly vacated buildings with value-add potential.

2022 Industrial Trends


**1.2 MILLION
SQURE FEET**
will be completed

CONSTRUCTION:

Deliveries grow slightly year-over-year as developers take notice of heightened demand for new space, especially in Northwest Edmonton, where there are very few available buildings for expanding firms.


**100
BASIS POINT**
decrease in vacancy

VACANCY:

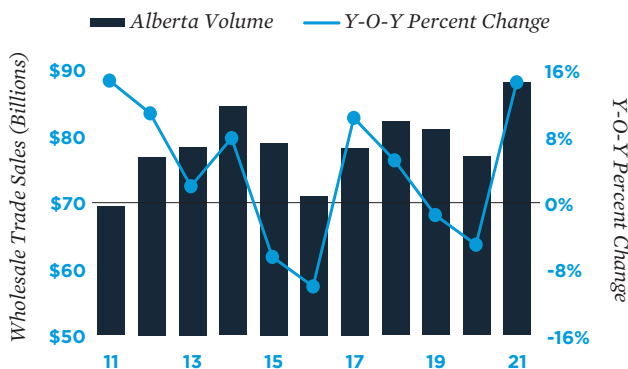
Industrial demand is set to outpace completions by a sizable margin in 2022. This will result in a significant vacancy decline.


**5.4%
INCREASE**
in asking rent

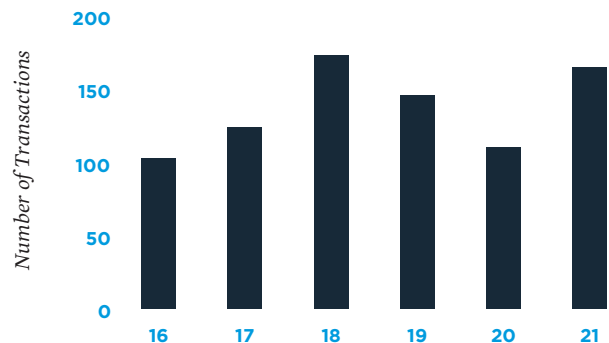
RENT:

As vacancy drops, the average asking rent will climb. Strong demand from tenants will create competition for a limited amount of available space.

Wholesale Trade Trends



Transaction Trends



Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

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