



QUARTERLY HIGHLIGHTS

6.1% vacancy rate across the Edmonton Industrial market

327,331 SF

Currently under construction. Speculative building has drastically been reduced in all markets, specifically South and West Edmonton.

\$11.60

Average Leduc/Nisku base rent with incentives still favorable for Tenants. Stand alone buildings in demand.

161 Million SF

161,342,598 Sq.Ft to be exact. The amount of industrial space we analyze in the Edmonton market. We have partnered with CoStar, North America's leading Commercial Real Estate Research Data and Analyst Firm.

MARKET SNAPSHOT

	Central	North East & Fort Saskatchewan	North West	South Edmonton & Sherwood Park	Acheson, Spruce Grove & Stony Plain	Leduc & Nisku	Total
Total Inventory (SF)	2,750,690	6,695,029	64,474,118	64,198,907	6,128,860	17,094,994	161,342,598
Occupied Space (SF)	2,637,587	6,537,114	61,005,736	60,142,333	5,818,261	15,346,889	151,487,920
Vacant Space (SF)	113,103	157,915	3,468,382	4,056,574	310,599	1,748,105	9,854,678
Vacancy (%)	4.10%	2.40%	5.40%	6.30%	5.10%	10.20%	6.10%
Sublet (SF)	0	13,684	239,078	919,396	109,793	158,990	1,440,941
2016 Net Absorption (SF)	74,517	1,889	70,924	-1,293,523	39,640	163,310	-943,243
2016 Deliveries (SF)	-	79,252	400,673	739,287	-	214,959	1,434,171
Under Construction (SF)	-	-	241,400	43,809	13,198	28,924	327,331
Base Rent \$ / SF	\$9.89	\$12.37	\$9.71	\$9.59	\$12.76	\$11.60	

Sourced: Lizotte Research and Advisory & CoStar Group

MARKET DISCUSSION

1. With interest rates at historical lows and a local economy that has weathered the storm of a battered energy market, owner-occupiers have come into their own, with demand for properties in the 10–25,000 SF range showing no signs of abating. Demand is strong through all areas, in particular South East Edmonton, Sherwood Park and, this may surprise some, Nisku.

2. Across the market we have seen lease terms of a minimum of 3 years become the norm. There are still a few landlords happy to do a shorter-term lease in the hope of renewing in 12–24 months at expected higher rates, especially in Leduc-Nisku. A number of educated tenants have renegotiated leases or have been able to find more desirable locations as opportunities have arisen.

3. With over 3 million and 4 million SF available in West Edmonton and South East Edmonton respectively, there has been a reduction in speculative building. There is still plenty of new space available, with ONE Properties, Hopewell Developments and Oxford Properties all looking for tenants. There is also a large amount (almost 1,000,000 SF) of sub-lease space available in South East Edmonton. There are definitely a number of good opportunities for tenants in both of these markets.

4. Major investments proposed by Inter Pipeline and Pembina Pipeline, combined with the ongoing work at the North West Redwater Sturgeon Refinery has provided a positive boost in the Alberta Industrial Heartland as we head into 2017, and whilst interest in development land in the Heartland has slowed, we expect it to pick up the second half of 2017.

5. Acheson has continued to see interest with a number of lease and sublease transactions taking place through 2016. Well-presented buildings, no business tax and proximity to West Edmonton's ever growing residential footprint and amenities has kept up demand, and we are seeing the highest rental rates in this market.

6. Leduc/Nisku, the barometer of Alberta's industrial market, is showing signs of life after a tough 24 months. Once dominated by energy service companies, strength is slowly being regained through diversification, with the following high-profile businesses entering or committed to the park:

- Aurora Cannabis 750,000 SF facility
- HempCo 56,000 SF
- Ivanhoe Cambridge 415,000 SF Outlet Mall
- Century Mile Racetrack + Casino
- Roseneau 220,000 SF Distribution Centre

NOTABLE TRANSACTIONS 2016



INVESTMENT SALE

MUNICIPAL ADDRESS: 6908-42 Street, Leduc, AB
SIZE: 31,362 Sq.Ft on 5.08 Acres (+/-)

Tenanted building with long-term lease in place



OFFICE/WAREHOUSE SALE

MUNICIPAL ADDRESS: 2832/36 Ellwood Drive, Edmonton, AB
SIZE: 16,260 Sq.Ft (+/-)

Beautifully presented property, first class office build-out and pristine warehouse



TENANT REPRESENTATION

MUNICIPAL ADDRESS: 3907-39 Street, Leduc, AB
SIZE: 14,750 Sq.Ft on 1.99 Acres (+/-)

5 year lease



INVESTMENT SALE

MUNICIPAL ADDRESS: 2315-5A Street, Nisku, AB
SIZE: 26,031 Sq.Ft on 6.14 Acres (+/-)

Fully leased building with a 7%+ cap rate

FEATURE LISTINGS 2017



BLACK BULL INDUSTRIAL PARK

Various lot sizes and large parcel opportunity with flexible Industrial zoning located just west of Highway 2 in the town of Crossfield.



FOR SALE/LEASE

CLASS A PROPERTY GROUP INC.

Concrete stand alone buildings ranging from 9,936 - 22,078 SF located in the Leduc Business Park & Harvest Industrial Park.

LIZOTTE ANALYSIS & RESEARCH (LAR)

For a number of years LAR has provided customized research and advisory solutions for clients, whether they be REITs, local landlords, tenants or national developers. In December 2016, we formalized our partnership with Co-Star, North America's leading real estate market research firm. Our partnership with Co-Star allows us to monitor the largest amount of Commercial inventory in the Edmonton market. Coupled with local knowledge and experience, our superior research based on cold hard facts allow us to identify market trends and opportunities. In addition:

- We tailor research for individual clients: With real-time data we customize our research to our client's requirements which guarantees that the information they are provided is relevant and current.
- We cover the most space in Edmonton: We have the most comprehensive coverage in Edmonton, covering over 160 Million SF of Industrial inventory. We provide location advice, monitor availabilities and analyze lease and sales data in Industrial, Office, Retail, Multi-Family and Investment markets.
- Forward Thinking: Our Advisory service provides guidance for all forms of transactions, including landlord and tenant representation, acquisitions and dispositions. We provide design build solutions, portfolio strategy and planning and can assist in accessing financial and legal services.
- We write up our own research: Our reports are compiled by our Associates, the ones who are speaking with the Landlords and Purchasers, the ones actively completing deals. We proudly stand by our data - we see it and verify it in the field daily.

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