

November 2022

ALBERTA LAND REPORT

By Christian Jones

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ALBERTA'S NOVEMBER LAND REPORT

BY CHRISTIAN JONES, LAND SALES EXECUTIVE, ARCH T. | LIZOTTE AND ASSOCIATES REAL ESTATE INC.



ALBERTA'S 2022 FUTURE DEVELOPMENT LAND MARKET HAS BEEN VOLATILE!

Early 2022 appeared bullish, but coinciding with summer vacations and the Bank of Canada's rising interest rates, it seems bearish this Q4. Offerings are generally reclused and interest apprehensive. Summer vacation seasonality is one thing, but the mounting tale behind Canadian interest rates is another.

Roughly stated, in an effort to thwart ongoing hyperinflation largely due to COVID-19 government policies, the Bank of Canada continues hiking interest rates. Theoretical the rate ceiling seems dictated by the large Canadian Government dept and its markets like bonds and real estate. If rates go too high, Canada defaults on its loan serviceability and markets contract. If rates stay low, the Loonie's value and Canadian wealth further disintegrate. Canadians appear to be in a paradox.

A theoretical solution could be increasing Gross Domestic Product (GDP) above debt interest rates; for example, a 7% GDP could beat 6% interest. A fundamental part of raising GDP though is increasing real production. The more production, however, the higher the energy requirements.

Unfortunately, energy costs have skyrocketed worldwide partly due to government policies such as Russian sanctions, lock-downs, hefty oil company taxation, "green energy policies", and mangling pipelines like Keystone, Trans Mountain, and Nord Stream. This reality snares Canadians between reversing present geo and enviro politics or sacrificing financial security.

While some political intentions are good, they can bare catastrophic economic impacts when implemented too liberally. Regrettably, economic downturns can be hard on the environment too as people become desperate. For instance, German deforestation is climbing as locals fell trees to heat their homes this winter; or now, European governments are opting to re-open coal power plants which generate harsher emissions than cleaner natural gas.

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Generally, as capital tightens to the point of survival, the environment is often sacrificed. Take the pollution levels of third-world countries or the Hiroshima-Nagasaki disasters. When people are starving or fighting, they usually care less about the environment.

As we see the escalation of people's environmental "truths" hit reality, Canadian wealth continues eroding with the climbing costs of development, farming, and land.

Hopefully, the world finds an equilibrium between the environment and economy in time; meanwhile, Alberta land investors may benefit as the booming local oil market could outpace inflation.

Historically Alberta has been insulated from world downturns. High oil revenues bring people, jobs, and innovation to the province.

In this issue, you will see recent major land sale examples in the greater Calgary and Edmonton markets along with articles commenting on farmland price adjustments and industry immigration to Alberta.

Land may never be cheaper in Alberta. If you have land investment questions, please reach out!

Respectfully,



Christian Jones

Land Sales Executive
Lizotte & Associates Real Estate Inc.



March 7, 1943: Edmonton Alberta's High Level Bridge and Legislature during WWII. The Japanese bombing of Pearl Harbour in 1941 resulting in constructing the Alaska Highway shown. It helped ensure national security for Canada and the US but with ecological and social costs;

click for details: <https://citymuseumedmonton.ca/2016/04/12/the-year-of-the-alaska-highway-1942/> 

IN THE NEWS

Farmland values continue to rise in latest FCC report

A recent review of farmland valuations by Farm Credit Canada shows that demand is still on the rise.

Climbing interest rates and poor growing conditions are likely to be deciding factors in some areas.

In 2022, the FCC said that the average 12-month change as of July was 13.1% in Canada.

For the prairie provinces, that comes out to 5.8% in Alberta, 14.9% in Saskatchewan, and 13.6% in Manitoba.

In comparison, PEI and Ontario exploded in value, with those being at 26.4 and 27.7% respectively.

From that info, provinces with a higher percentage of arable lands, such as Saskatchewan and Alberta, seem to experience a slower pace of increase in land values, suggesting that competition for land with limited supply, such as in Ontario, drives prices.

In 2021 Canada saw an 8.3% increase, with all of the prairie provinces having lower bumps in price, all of which were in the single digits.

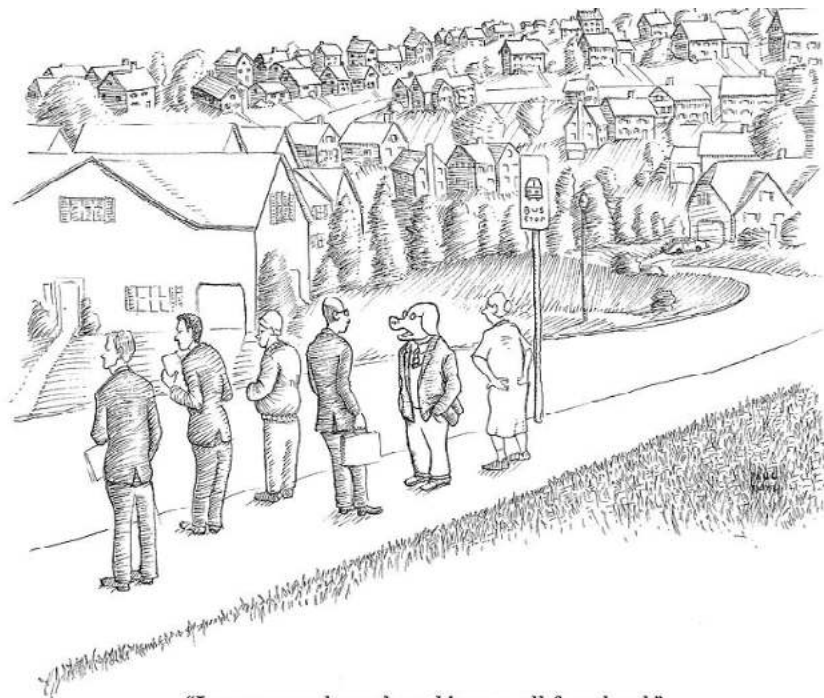
It should be noted that most land transactions were likely agreed to prior to the most significant interest rate increases.



FOR SALE

16820 - 41 Avenue SW, Edmonton, AB
POTENTIAL MULTIFAMILY CREEK FRONT SITE
 17.27 Acres (+/-)

\$3,750,000.00



"I can remember when this was all farmland."

IN THE NEWS



“A Perfect Storm”: Why BC Industrial Real Estate Demand is Migrating to Alberta

The grass isn't always greener on the other side, but for British Columbia businesses seeking industrial real estate, there are strong signs that Alberta just might be a better place to set up shop.

A confluence of factors have made it clear that those requiring large amounts of industrial space in British Columbia are going to have a challenging time, while making the other side of the provincial border increasingly appealing.

In interviews with STOREYS, three experts on the industrial real estate market — from Vancouver, Calgary, and Edmonton — detailed these factors, how they've coalesced at the right time, and the Albertan advantages businesses seek to benefit from.

BRITISH COLUMBIA

In a national Q3 report on the industrial and office market published this week, Colliers said Vancouver became “the first market in the history of our tracking” to exceed an average asking net rent per sq. ft of over \$20, at \$20.44.

Part of the reason for that high price is location, but another factor is just simple supply and demand.

“The supply of land suited for industrial development is low,” Susan Thompson, Associate Director of Research at Colliers, told STOREYS.

Additionally, vacancy in the industrial market in BC is also low. In Q3, the total industrial vacancy rate was just 0.2%, according to the Colliers report. That was actually a small increase from Q2, when the vacancy rate was a record-low 0.1%, but Colliers points out that the small increase was due to absorption catching up and not new supply added. What happens when supply is low and demand stays strong? High prices.

Industrial facilities such as distribution centres or warehouses have traditionally been a single floor, whether it's because of too much weight on an upper floor potentially causing problems, or decreased efficiency with multiple floors. However, Vancouver is so “tight”, says Thompson, that companies hoping to stay in the market are now thinking about “stacked” (multi-floor) industrial space.

One such example Thompson points to is none other than Amazon, who took over a 707,056 sq. ft, two-storey space on 8351 Fraser Reach Court in Burnaby — near Queensborough — in August. Thompson believes that once there are more success stories with stacked industrial space, the idea will start taking off. It's something that has already occurred in the residential real estate market in Metro Vancouver, where the land shortage and housing crisis has resulted in increased density — building more space vertically, rather than horizontally.

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IN THE NEWS

ALBERTA: THE LAND OF INDUSTRIAL ABUNDANCE?

Meanwhile, these issues don't really register in Alberta. Not only does the province have an abundance of land, it's also significantly cheaper. David St. Cyr, Principal for Industrial in Edmonton at Avison Young, told STOREYS that an acre in British Columbia that could cost anywhere between \$4M and \$5M would be closer to \$400,000 in Alberta.

And while the supply in British Columbia is getting plugged up, supply of industrial space in Alberta is trending the other direction.

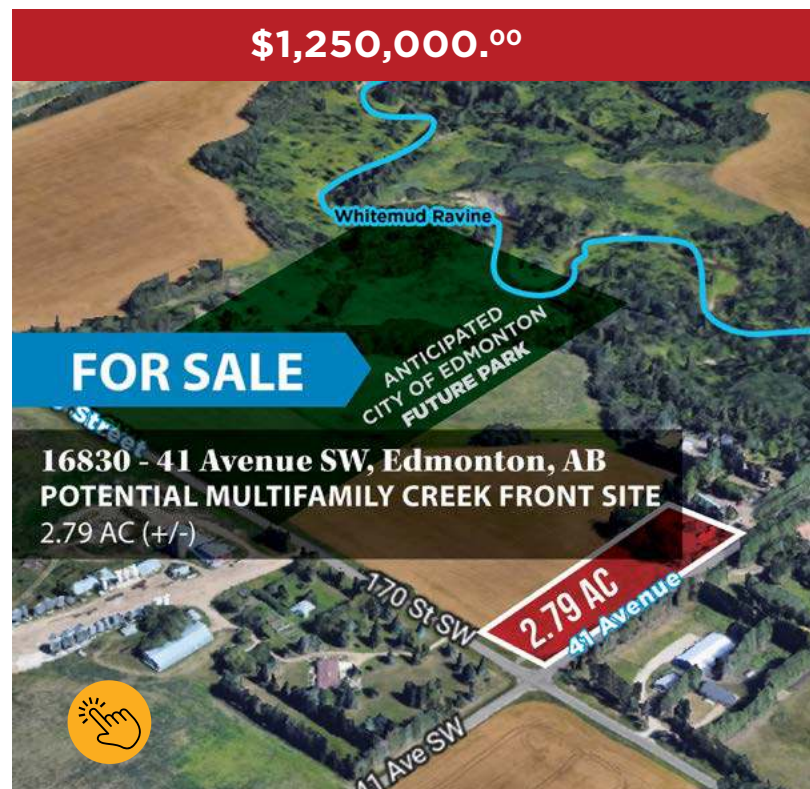
According to Avison Young's Q2 industrial market report, Calgary alone has seen \$792M in investment sales in the industrial market halfway through 2022, which is up 32% from the same point in 2021. Furthermore, "the development pipeline is expected to deliver an unprecedented number of new builds. With 8.7M sq. ft under construction and in the pipeline, the 2022 industrial development frenzy will continue well into 2023."

And if the abundance of supply and cheaper costs aren't appealing enough, Alberta will often also have less red-tape when it comes to things like permitting. (A Greater Vancouver Board of Trade survey published earlier this month found that permitting and red-tape reduction was the top issue for businesses.)

There's more "working with businesses" and "cooperation between municipalities" and "less red-tape", St. Cyr says. His colleague, Tyler Wellwood, Principal for Industrial in Calgary at Avison Young, told STOREYS that there's also a

stronger focus on approvals of permits, which take "significantly less time" than in British Columbia. Faster permitting times means construction can begin sooner, which translates to less wasted costs and less risk for businesses.

Thompson, the expert from Colliers, recognizes this too, saying that jurisdictions in Alberta are often willing to expedite the permitting process. "Companies want their needs met quickly, not years and years later," she said. "If they can't get their needs met, they need to consider their options."



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IN THE NEWS

MIGRATION

The Province of Alberta launched a new witty advertising campaign last month called “Alberta Is Calling,” which highlighted many of the challenges residents of British Columbia and Ontario are facing — and how they’re of significantly less concern in wild rose country — in an attempt to lure talent. “Find things you’d never expect. Like a centrally located house you can afford,” one of the campaign’s slogans reads. “Bigger paycheques. Smaller rent cheques,” says another.

When asked whether housing affordability has any connection to the growing appeal of the Alberta industrial market, both Wellwood and St. Cyr said that it’s definitely an added bonus, for both the workforce and employers who worry about labour shortages — another issue in British Columbia.

“These factors are all coming together,” St. Cyr says. Those that “can’t grow in tighter markets, can’t activate next phase of growth in their current markets are looking to Alberta”, Calgary’s Wellwood adds.

And it’s pretty much across the board, when it comes to companies. Wellwood says that there are some small differences between the composition of the markets in Alberta, with Edmonton seeing a little more from the raw material market and manufacturing, while Calgary has seen more when it comes to distribution and logistics. St. Cyr agrees, saying that while the cities are distinct, the costs are very similar and it often just comes down to preference.

It’s not so much that companies desire to leave British Columbia, but more so that they’re shifting the weights towards Alberta more. St. Cyr says

that British Columbia is increasingly losing out on deals to Alberta for large distribution centres. One example he points to is Lowe’s, the home improvement retailer, which signed on in late-2021 to lease a 1.2M-sq.-ft facility in the High Plains Industrial Park in Balzac, Alberta. Another is De Havilland, the aircraft manufacturer, who announced a new manufacturing facility in Alberta just last week.

St. Cyr also points out other additional benefits of Alberta, such as the significant amounts of cargo space between Alberta’s two international airports and Edmonton’s rail connection to the Port of Prince Rupert in British Columbia, the closest North American port to Asia, meaning businesses can still access the advantages of British Columbia without having to deal with the exorbitant prices.

In their report, Avison Young notes that despite the rising interest rates and steeper construction costs, “Calgary’s position as a viable alternative to larger and more congested industrial markets continues to solidify. The market’s relative affordability, even in the face of elevated costs, will still play into its favor.”

It’s a “perfect storm of conditions,” Thompson says.

In other words, Alberta is calling, and those in the industrial real estate market are answering.

Written By
Howard Chai

LIZOTTE AND ASSOCIATES REAL ESTATE

NOTABLE RECENT TRANSACTIONS IN GREATER EDMONTON AREA & GREATER CALGARY AREA

GREATER EDMONTON AREA

ADDRESS	ACREAGE	SALE PRICE	PRICE/ACRE	SALE DATE
18111 17 St NE, Edmonton (Yellowhead Corridor)	17.09 Acres	\$7,550,000.00	\$95,776.00	May 6, 2022
16310 21 Ave SW, Edmonton (Windermere)	19.77 Acres	\$4,665,000.00	\$235,964.00	August 3, 2022
2909 Ellerslie Rd, Edmonton (Decoteau)	20.02 Acres	\$3,600,000.00	\$179,820.00	July 4, 2022
23135 Wye Rd, Sherwood Park	40.00 Acres	\$4,560,000.00	\$114,000.00	July 26, 2022
19504 41 Ave, Edmonton (Windermere)	71.91 Acres	\$1,320,000.00	\$220,000.00	May 26, 2022
50542 RR 245, Leduc County	78.83 Acres	\$7,550,000.00	\$95,776.00	May 6, 2022
10010 197 St, Edmonton (Riverview)	80.00 Acres	\$2,000,000.00	\$25,000.00	June 7, 2022
RR 231 and TR 543, Sherwood Park	92.60 Acres	\$8,951,000.00	\$96,670.00	July 13, 2022
RR 233 TR 520, Strathcona County	147.95 Acres	\$1,150,000.00	\$7,773.00	May 24, 2022

GREATER CALGARY AREA

ADDRESS	SITE UNITS	SALE PRICE	PRICE/ACRE	SALE DATE
4717 144 Ave NE, Calgary	20.14 Acres	\$4,200,000.00	\$208,540.00	June 1, 2022
235292 RR 284, Rockyview County	22.3 Acres	\$1,450,000.00	\$65,022.00	August 2, 2022
1919 84 St NE, Calgary	23.62 Acres	\$3,000,000.00	\$127,011.00	August 3, 2022
48192 338 Ave SE, Calgary	31.49 Acres	\$1,010,000.00	\$32,073.00	August 16, 2022
261175 Wagon Wheel Blvd NE, Rockyview County	40.03 Acres	\$10,310,484.00	\$257,569.00	July 27, 2022
234248 RR 285, Rockyview County	40.00 Acres	\$5,200,000.00	\$130,000.00	June 14, 2022
6125 117 St NW, Calgary	77.08 Acres	\$19,300,000.00	\$250,389.00	July 8, 2022
253208 84 St, NE Calgary	136.88 Acres	\$6,070,000.00	\$44,345.00	August 26, 2022

**The data presented in this table was sourced from third party data sources, Lizotte and Associates Inc. is not responsible for the accuracy of the historical data within this table.

LIZOTTE AND ASSOCIATES REAL ESTATE

WHO ARE WE

Founded in 1984, our focus is strictly on commercial real estate sales, leasing, development and associated services.

Lizotte and Associates Real Estate Inc. is a growing Edmonton-based commercial real estate firm that has been providing Alberta with superior service and innovative solutions to real estate needs.

Together our team of experts possesses extensive market knowledge and offers a diverse range of services to landlords, tenants, vendors, investors, and developers in all sectors. Our success is a result of our client's success. We recognize the importance of your time and are committed to providing a seamless and professional real estate experience. Above all, we believe in long-term relationships completed through successful transactions.

Lizotte and Associates Real Estate Inc. strives to provide the highest standard and level of customer service, priding ourselves on our extensive knowledge of the current market and relationship building.

OUR SERVICES INCLUDE

- Commercial real estate leasing and sales
- Investment sales, both owner user and off marketing opportunities
- Industrial leasing and investment building and land sales
- Retail lease and renewal consulting
- Office leasing and sales
- Asset consultation
- Property management
- Design/build services



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\$2,200,000.00



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PRIME TOWNHOME DEVELOPMENT SITE
 *49,084 SF (+/-)

\$5,249,650.00



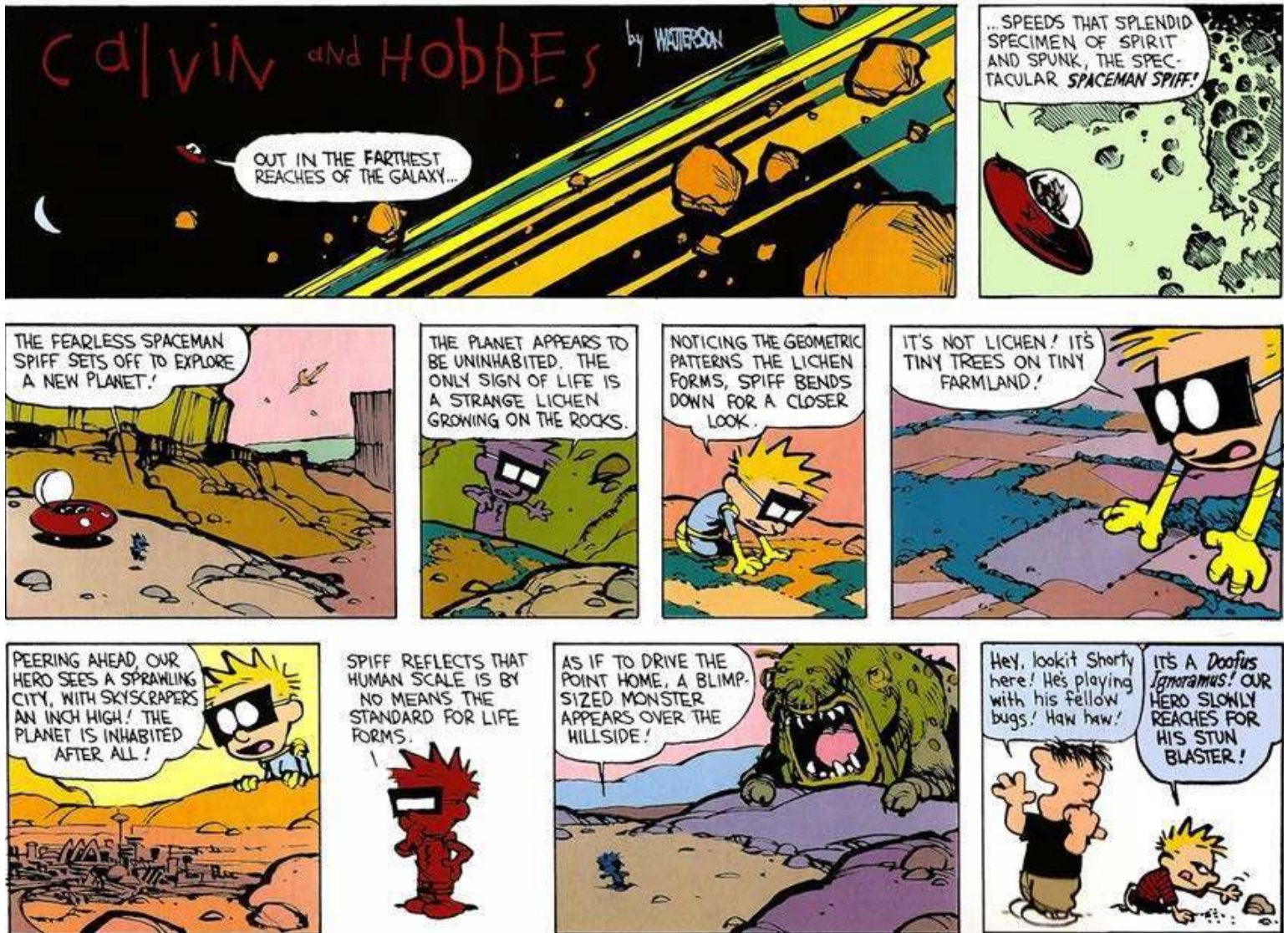
20375 18 Ave, Edmonton, AB
FUTURE INDUSTRIAL DEVELOPMENT LAND
 149.99 Acres (+/-)



Click photo to learn more!

Or check out lizotterealestate.com

Waterson, B. (Year). Calvin and Hobbes [Online Image]. Static Wikia Nookie.
<https://www.cartoonstock.com/cartoon?searchID=CC121238>



CHRISTIAN JONES

LAND SALES EXECUTIVE, ARCH T. | LIZOTTE AND ASSOCIATES REAL ESTATE INC.



ABOUT HIM.

Corporately based in Alberta, Canada, Christian has been the provincial land department head for the world's top real estate brokerages including DTZ Canada Inc., Cushman & Wakefield Canada, and Colliers International. He has also managed the real estate of Canada's fourth-largest company, the Canadian National Railway (CN Rail). This multi-billion-dollar portfolio included over 100,000 acres and millions of square feet of office and industrial space –roughly the surface area of Calgary, Alberta!

To achieve this milestone Christian studied real estate by developing industry-leading land-mapping software. Through data-driven decisions, his clients are informed of the latest market trends, comparables, and listings. Christian shows them hidden property potential by evaluating zoning, density, development options, and market forecasts so they make strategic transactions.

Christian also holds a diploma in Architectural Technology and has years of construction and engineering experience.

With over two decades of assisting corporations, developers, investors, and owners, Christian continues building momentum with many years of energy remaining. His path has been intense and he prays this is just the start!

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ALBERTA LAND REPORT



GET NOTICED!

Interested in advertising your company, property, or plugging a contribution into the next Alberta Land Report? Get connected, contact **Christian Jones** at **780-716-2851**.

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