



# Greater Edmonton

INDUSTRIAL | FIRST QUARTER | 2008

## MARKET INDICATORS

	Q4	Q1
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↑	↑
RENTAL RATE	↑	↑
OPERATING COSTS	↑	↑

## ECONOMIC INDICATORS

(Edmonton CMA) Feb. 2008

**Population** (Edmonton CMA)

2005	1,016,007
2006	1,034,945
2007	1,041,940
2008f	1,102,401

**Real GDP** (\$1997 Millions)

2005 – 39,875	4.6%
2006 – 42,508	6.6%
2007 – 44,110	3.6%

**Labour Force**

2006	571,000
2007 (Feb.)	624,000
2008 (Feb.)	663,800

**Unemployment Rate**

2006	3.8%
2007 (Feb.)	3.8%
2008 (Feb.)	3.6%

**Average Residential Selling Price**  
(Single Family Dwelling)

2005	\$216,490
2006	\$322,077
2007 (Sept.)	\$399,555
2008 (Feb.)	\$381,965

Source: Conference Board of Canada  
Statistics Canada  
Edmonton Real Estate Board

## Edmonton land rapidly becoming a scarce commodity!

### ECONOMIC OVERVIEW

- Edmonton International Airport is one of the fastest growing major airports in Canada in terms of passenger growth rate. During the first two months of 2008 more than 1,010,515 passengers were served, representing an 8.9 per cent increase over the same time period in 2007.
- The Province of Alberta has allocated \$96 million towards infrastructure and affordable housing projects in Edmonton. Infrastructure priorities include renewing roadways, constructing the LRT expansion and improving recreational facilities. The funds set aside for affordable housing will be used to purchase land, develop new housing units, purchase and renovate existing housing units and increase the development of secondary suites.
- Edmonton CMA is expected to surpass a projected employment growth rate of 2.3 per cent per year until 2010. Four primary industry groups will lead employment growth: Manufacturing, Wholesale Trade, Professional Scientific and Technical Services, and Health Care and Social Assistance.

### MARKET HIGHLIGHTS

- The Greater Edmonton industrial market was stable during the first quarter of 2008. The overall vacancy rate was 1.44 per cent, a minimal change from 1.51 per cent in 2007.
- Currently, close to 3.5 million square feet of industrial space is under construction within the City of Edmonton. More than 1.7 million square feet is being constructed in the Northwest along with 1.7 million square feet under construction in the Southeast. The majority of the new construction has been pre-leased.
- As a result of Edmonton's robust economy, construction costs continue to climb. For a base shell, pre-engineered building, construction costs are surpassing \$75 per square foot, not including a warehouse T.I. allowance of \$25 per square foot. In addition, an office build-out may cost as much as \$65 per square foot. Along with rising construction costs, an increase in site servicing costs is a restraint on developers. Industrial land servicing costs start at \$100,000 - \$125,000 per acre. In some cases within Greater Edmonton, servicing costs may be as high as \$200,000 per acre. Consequently, in order to complete projects, developers are having to invest more money. Landlords will recover this inflated cost by asking for higher rental rates among new construction.
- According to the Canadian Association of Petroleum, Alberta's oil sands contain in excess of 175 billion barrels of recoverable oil. Due to the new Province of Alberta Royalty Plan, in 2009 oil and gas companies will be paying \$1.4 billion more in royalties.



VACANCY

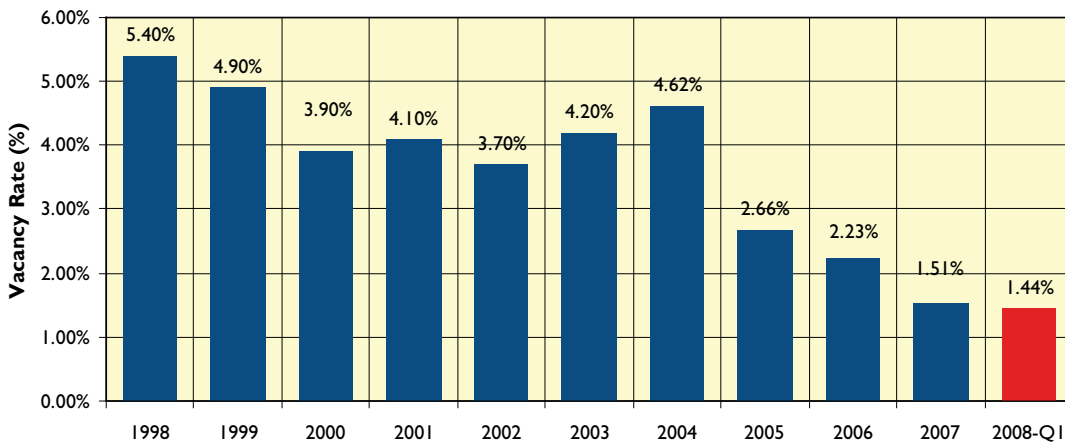
REGION	Universe	VACANT (SQ.FT.)		VACANCY RATE	
		October 2007	February 2008	October 2007	February 2008
Northwest Edmonton	36,465,576	703,911	581,070	1.93%	1.59%
Southeast Edmonton	29,562,974	470,162	443,725	1.59%	1.50%
Northeast Edmonton	1,284,872	2,500	0	0.19%	0.00%
Central Edmonton	5,929,376	38,347	25,670	0.65%	0.43%
Leduc County / Nisku	7,900,000	56,100	87,065	0.71%	1.10%
Sturgeon County	2,503,000	20,274	15,018	0.81%	0.60%
Strathcona County	4,025,800	7,112	38,126	0.18%	0.95%
Parkland County	2,399,103	107,018	107,018	4.46%	4.46%

VACANCY

With industrial market activity continuing on a strong pace, vacancy rates in Greater Edmonton have remained constant since 2007, even with an average of 2.5 – 3.0 million square feet of new construction added each year for the past three years.

All surrounding areas, with the exception of Parkland County, have experienced a slight change in vacancy rate. The vacancy rate in Parkland County has remained untouched at 4.46 per cent. This vacancy is a direct reflection of a single 107,018 square foot warehouse that is currently being marketed by our Colliers Industrial Group.

Greater Edmonton Industrial Vacancy Rate

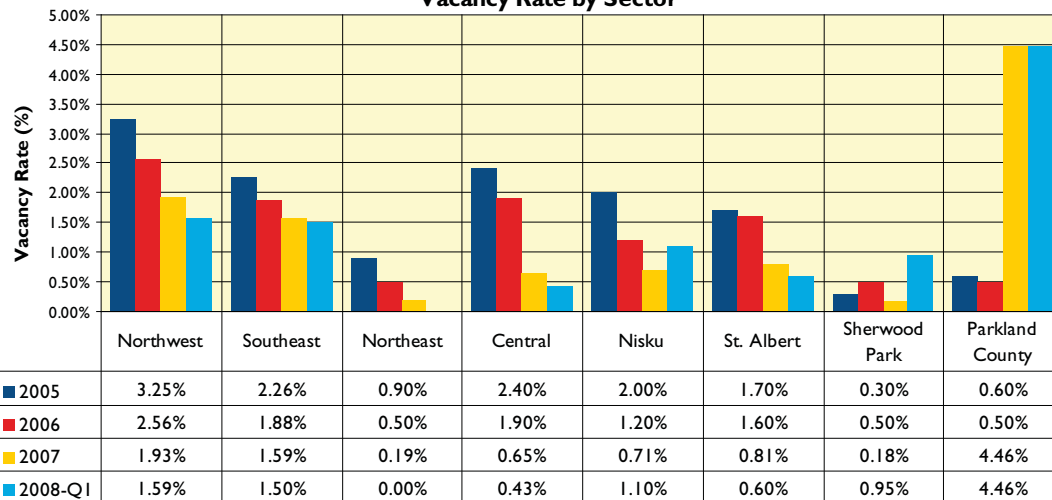


Since 2007, the overall vacancy rate within Edmonton city limits has decreased slightly. Northwest Edmonton experienced the most significant drop, decreasing 0.34 percentage points from 1.93 per cent in 2007 to 1.59 per cent in the first quarter of 2008. With the exception of 2007, in recent history, including the first quarter of 2008; Northeast Edmonton has had zero vacancy based on our survey results of buildings over 10,000 square feet.

RENTAL RATES

Rental rates have continued to climb steadily. As long as construction costs continue to escalate, rental rates in newly constructed buildings will rise accordingly. Rental rates in existing spaces will begin to follow this trend. More tenants will seek longer lease terms in order to have more control over their financial future.

Vacancy Rate by Sector



Rental rates in the \$12 - \$15 range are not unusual and have been asked both within the City and within surrounding counties. In Southeast Edmonton, asking net rental rates are as high as \$18 per square foot in the smaller 5,000 square foot spaces which are currently in high demand.

## Q1 - 2008 NOTABLE LEASE TRANSACTIONS

## BUILDING LEASE ACTIVITY

PROPERTY ADDRESS	PROPERTY NAME	SUBMARKET	TENANT	SIZE (SQ.FT.)	TYPE
16231 - 116 Avenue, Edm.	Alberta Park Distribution Facility	Edmonton	Logistics Company	262,000	Existing
11215 - 186 Street, Edm.	City West "B", Edm.	Edmonton	Saputo Foods	48,427	Existing
11512 - 184 Street, Edm.	Yellowhead Crossing "B"	Edmonton	All Weather Windows	16,712	Existing
7035 - 68 Avenue, Edm.	South Central "A"	Edmonton	Boardwalk REIT LP	13,200	New

## Q1 - 2008 NOTABLE SALE TRANSACTIONS

## LAND SALE ACTIVITY

PROPERTY ADDRESS	SUBDIVISION	PURCHASER	LAND USE	SIZE (ACRES)	SALE PRICE	UNIT PRICE (\$/ACRE)
12224 Meridian Street, Edm.	Clover Bar	1352110 Alberta Ltd.	IM	599.40	\$35,000,000.00	\$58,391.73
25104 - 33 Street, Edm.	Rural Northeast	1360032 Alberta Ltd.	AG	526.28	\$19,472,360.00	\$37,000.00
20303 Stony Plain Road, Edm.	Lewis Farms	North Pacific Properties Ltd.	AGI	91.75	\$10,760,404.00	\$117,279.61
9010 - 41 Avenue S.W., Edm.	Ellerslie	Carma Ltd.	AG	76.46	\$10,700,000.00	\$139,942.45
207 Street & 35 Avenue, Edm.	Rural West	Carma Ltd.	AG	76.14	\$12,500,000.00	\$164,171.26

## BUILDING SALE ACTIVITY

PROPERTY ADDRESS	SUBDIVISION	PURCHASER	SIZE (SQ.FT.)	SIZE (ACRES)	SALE PRICE	UNIT PRICE (\$/SQ.FT.)
3703 - 93 Street, Edm.	Strathcona	364661 Alberta Ltd.	31,704	1.44	\$2,800,000.00	\$88.32
5880 - 56 Avenue, Edm.	Roper Industrial	Fifty Sixth Avenue investments	30,411	2.11	\$4,700,000.00	\$154.55
9755 - 62 Avenue, Edm.	Rosedale Industrial	Thomas & David Fath	27,633	1.79	\$1,875,000.00	\$67.85
7010 - 45 Street, Leduc	Leduc County	United GP Ltd.	19,095	2.99	\$3,222,116.00	\$168.74
1312 - 10 Street, Nisku	Leduc County	Pecorilli Holdings Ltd.	10,000	1.61	\$1,935,000.00	\$193.50
3905 - 81 Avenue, Leduc	Leduc County	York Realty	108,000	9.02	\$12,300,000.00	\$113.89

## AVERAGE ASKING NET RENTAL RATE PER BAY SIZE

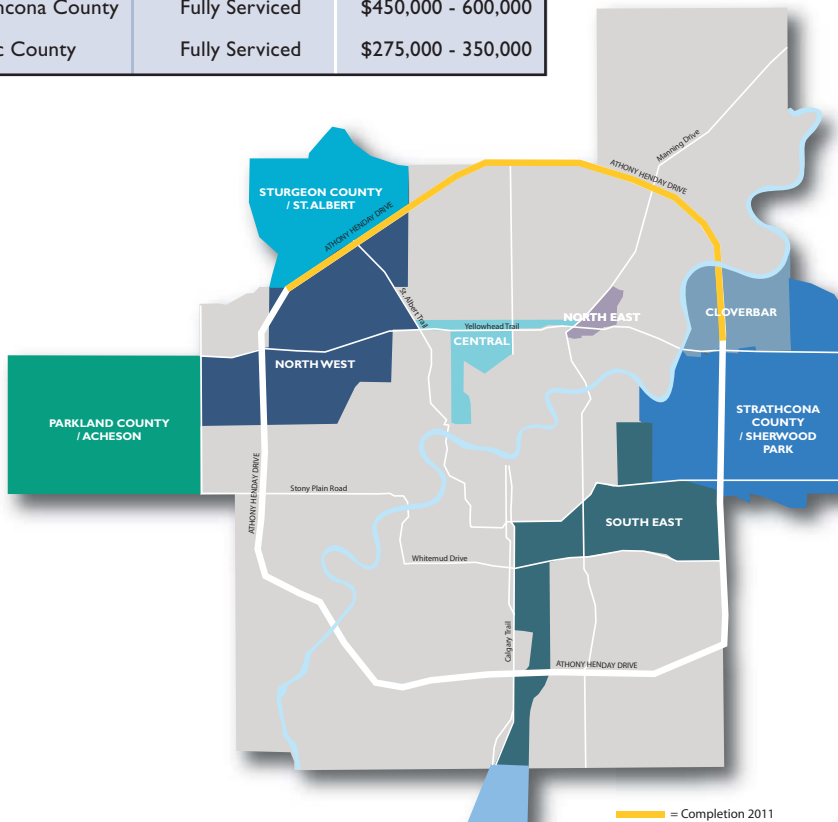
	NORTH EAST	NORTH WEST	SOUTH EAST	CENTRAL
RANGE SQ.FT.	Net Rent	Net Rent	Net Rent	Net Rent.
0-5,000	\$9.00	\$8.00 - \$12.00	\$9.00 - \$18.00	\$12.00
5,001-10,000	\$9.00	\$7.00 - \$10.00	\$8.00 - \$14.00	\$10.00 - \$12.00
10,001-20,000	\$9.00	\$6.50 - \$9.00	\$8.00 - \$12.00	\$8.00 - \$10.00
20,001-50,000	\$5.75	\$6.00 - \$9.50	\$7.00 - \$9.75	\$7.00 - \$9.00
50,001 & up	\$5.50 - \$8.50	\$5.75 - \$8.50	\$6.50 - \$8.50	\$6.00 - \$8.00
	STURGEON COUNTY	PARKLAND COUNTY	STRATHCONA COUNTY	LEDUC COUNTY
RANGE SQ.FT.	Net Rent	Net Rent	Net Rent	Net Rent.
0-5,000	\$12.00 - \$14.00	\$9.50 - \$13.50	\$12.00 - \$15.00	\$9.00 - \$13.00
5,001-10,000	\$12.00 - \$14.00	\$9.50 - \$12.50	\$12.00 - \$15.00	\$10.00 - \$14.00
10,001-20,000	\$11.00 - \$14.00	\$9.50 - \$12.00	\$12.00 - \$15.00	\$10.00 - \$14.00
20,001-50,000	\$10.50 - \$12.50	\$8.50 - \$14.00	\$9.75 - \$13.00	\$9.00 - \$12.00
50,001 & up	N/A	\$8.50 - \$14.00	N/A	\$8.00 - \$13.00

**LAND**

All land classes in the Capital Region are quickly becoming scarce. Fully serviced industrial lots within Edmonton are now selling for well over \$600,000 per acre. In Northwest Edmonton, medium industrial zoned land has sold for more than \$640,000 per acre. The same land class has sold for as much as \$790,000 per acre in Southeast Edmonton, whereas IB zoned land is selling for more than \$800,000 per acre. Acheson land, zoned ICC, is currently selling for \$375,000 per acre. General industrial zoned land in Leduc County has sold for \$290,000 per acre.

**AVERAGE LAND SALE PRICES PER ACRE**

REGION		PRICE / ACRE
Edmonton Proper	Fully Serviced (IM)	\$550,000 - 700,000
	Fully Serviced (IB)	\$600,000 - 900,000
	Unserviced (AGI)	\$175,000 - 200,000
Parkland County	Fully Serviced	\$295,000 - 380,000
Strathcona County	Fully Serviced	\$450,000 - 600,000
Leduc County	Fully Serviced	\$275,000 - 350,000



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**GREATER EDMONTON INDUSTRIAL DISTRICTS**

North West	36,465,576 sq.ft.
South East	29,562,974 sq.ft.
Central	5,929,376 sq.ft.
North East	1,284,872 sq.ft.
Leduc County	7,900,000 sq.ft.
Sturgeon County	2,503,000 sq.ft.
Strathcona County	4,025,800 sq.ft.
Parkland County	2,399,103 sq.ft.

267 OFFICES IN 57 COUNTRIES ON 6 CONTINENTS

USA 95  
 Canada 17  
 Latin America 17  
 Asia Pacific 52  
 EMEA 85

\$1.6 billion in annual revenue  
 672.9 million square feet under management  
 10,171 Professionals

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