

FIRST QUARTER MARKET REPORT 2019

GREATER EDMONTON, ALBERTA



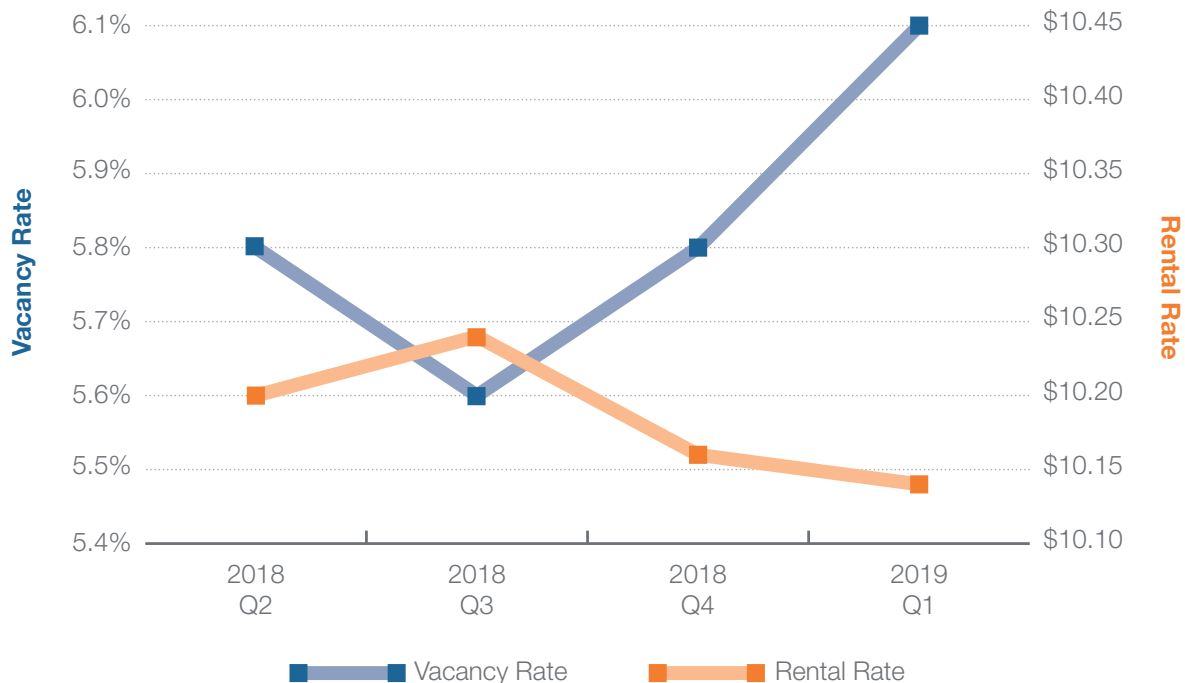
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INDUSTRIAL Vacancy Trends

	2018-Q2	2018-Q3	2018-Q4	2019-Q1	Q4-Q1 TREND
GREATER EDMONTON Buildings Surveyed: 5,329 Existing SF: 182,355,321 sq. ft.	5.8%	5.6%	5.8%	6.1%	↑
EDMONTON WEST Buildings Surveyed: 1,663 Existing SF: 63,646,177 sq. ft.	6.6%	6.5%	6.5%	7.0%	↑
EDMONTON SOUTH Buildings Surveyed: 1,483 Existing SF: 59,745,403 sq. ft.	5.0%	5.6%	6.4%	6.7%	↑
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 291 Existing SF: 11,292,636 sq. ft.	14.0%	9.4%	8.1%	8.9%	↑
LEDUC / NISKU Buildings Surveyed: 730 Existing SF: 19,904,534 sq. ft.	5.2%	4.7%	4.9%	5.0%	↑

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS

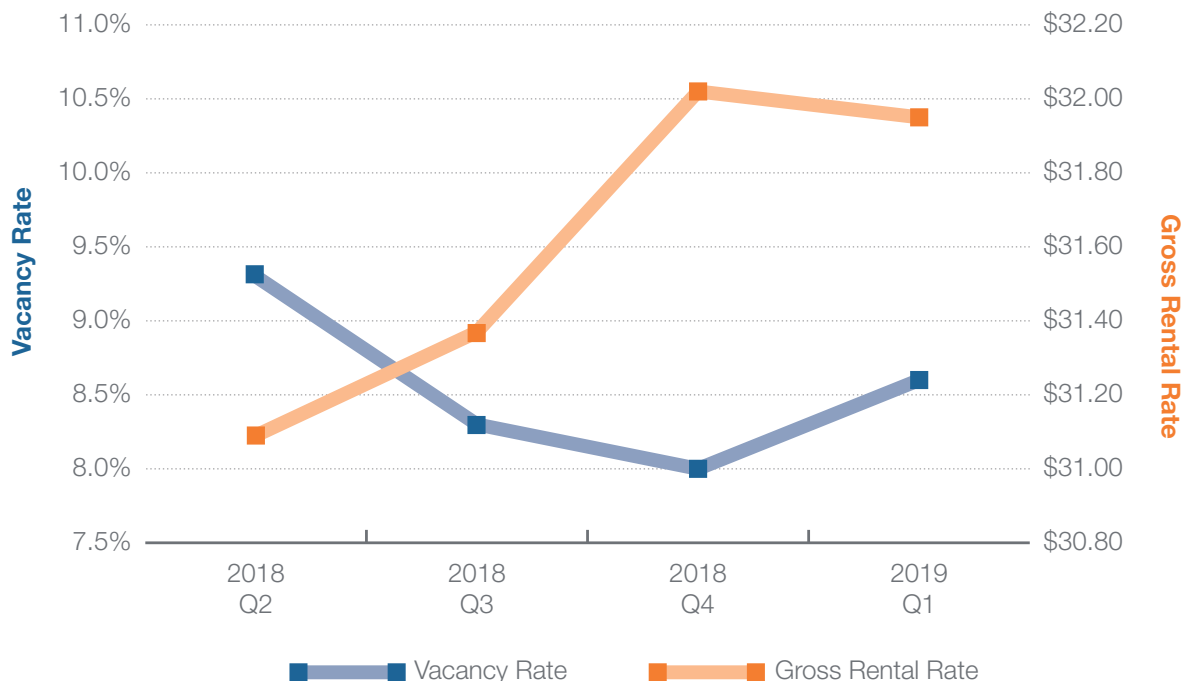


OFFICE Vacancy Trends

	2018-Q2	2018-Q3	2018-Q4	2019-Q1	Q4-Q1 TREND
GREATER EDMONTON Buildings Surveyed: 1,160 Existing SF: 46,206,052 sq. ft.	9.3%	8.3%	8.0%	8.6%	↑
EDMONTON DOWNTOWN Buildings Surveyed: 267 Existing SF: 22,257,898 sq. ft.	10.7%	9.1%	8.4%	8.7%	↑
EDMONTON SUBURBAN Buildings Surveyed: 967 Existing SF: 42,416,424 sq. ft.	9.4%	8.1%	8.1%	8.6%	↑
WINDERMERE / SUMMERSIDE Buildings Surveyed: 68 Existing SF: 1,924,960 sq. ft.	10.1%	8.2%	9.5%	11.0%	↑
UNIVERSITY / GARNEAU Buildings Surveyed: 51 Existing SF: 1,156,190 sq. ft.	9.8%	8.4%	8.3%	9.4%	↑

Average Gross Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS

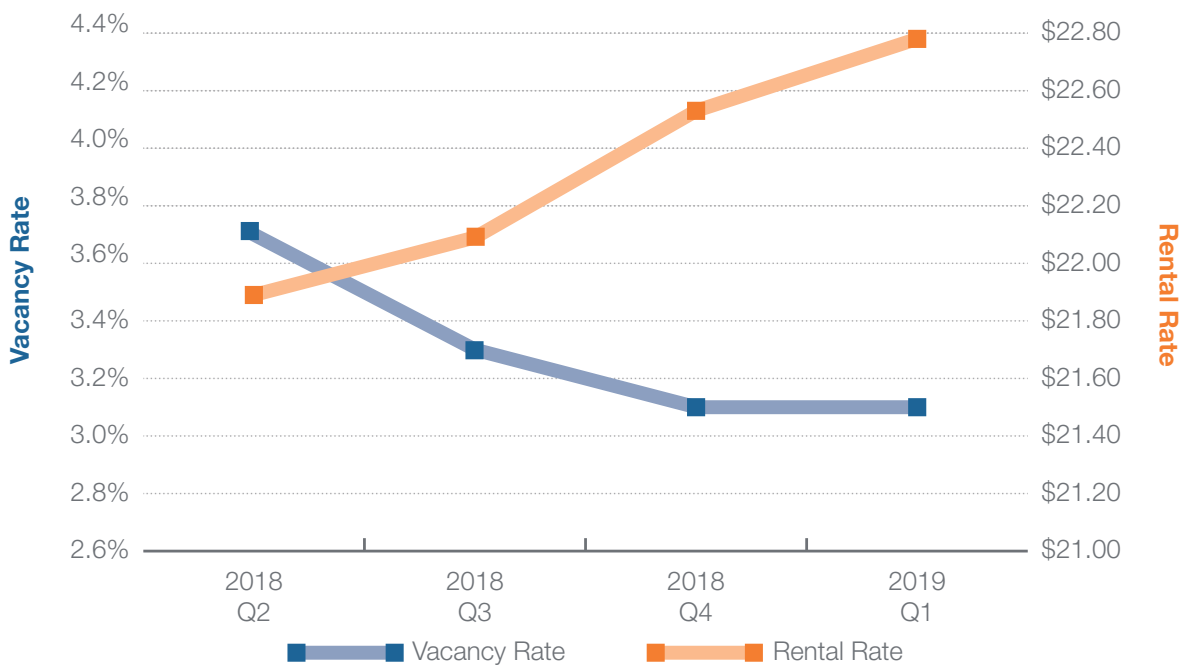


RETAIL Vacancy Trends

	2018-Q2	2018-Q3	2018-Q4	2019-Q1	Q4-Q1 TREND
GREATER EDMONTON Buildings Surveyed: 3,629 Existing SF: 62,759,646 sq. ft.	3.7%	3.3%	3.1%	3.1%	→
EDMONTON WEST Buildings Surveyed: 896 Existing SF: 18,221,079 sq. ft.	4.5%	3.5%	3.2%	3.4%	↑
EDMONTON SOUTH Buildings Surveyed: 1,152 Existing SF: 20,253,405 sq. ft.	2.9%	2.4%	2.3%	2.3%	→
EDMONTON CENTRAL Buildings Surveyed: 508 Existing SF: 6,610,213 sq. ft.	5.3%	3.7%	3.6%	4.9%	↑
LEDUC Buildings Surveyed: 133 Existing SF: 1,687,433 sq. ft.	3.6%	3.9%	2.8%	3.0%	↑
ST. ALBERT Buildings Surveyed: 139 Existing SF: 3,092,173 sq. ft.	2.8%	2.9%	3.3%	3.4%	↑
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 227 Existing SF: 4,399,092 sq. ft.	7.0%	6.7%	5.7%	5.6%	↓
WHYTE AVENUE / GARNEAU Buildings Surveyed: 189 Existing SF: 1,394,786 sq. ft.	4.5%	5.6%	5.5%	4.0%	↓

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS



Market Highlights

Following a challenging year for the economy, there are reasons to be optimistic for 2019. Leading the charge is Western Canadian Select prices, which bottomed out near \$12.00/barrel in Q4 of 2018, but has since recovered to over \$40/barrel. We're also encouraged by recent news from both the government and private industry surrounding major projects. This includes Pembina and PIC announcing plans to build a \$4.5B petrochemical facility north of Edmonton, coupled with the provincial government announcing funding towards twinning Highway 60 in Acheson in addition to a new overpass between the airport and Leduc.

2019 promises to be an interesting year on the political front as we face both a provincial and a federal election. Recent polls show the UCP with a lead in Alberta, and while the Liberals at one point appeared poised to win a second term in the fall election, Justin Trudeau's personal approval ratings are declining and the party is mired in a scandal. While Albertans are all too familiar with polls inaccurately predicting the outcomes, it does look like some change is in the air.

Although we see positive signs, there are also reasons to be cautious. Of paramount concern, the Transmountain pipeline is still stalled and our ability to get product to other markets is being throttled as a result. The recent increase in Canadian oil prices is welcomed news, but with prices being propped up by mandatory production cuts, many oil producers are left wondering if the gains are temporary. Prices are still dramatically lower than they were in 2014, so companies are being forced to adapt to this new reality. Adding more pressure, the prime rate has increased 125 basis points since the summer of 2017 to currently sit at 3.95%. However, even though the rate is higher than it's been over the past decade, it's important to note that it's still lower than it was prior to the start of the Great Depression in 2008.

So while Alberta fights to exit the worst provincial recession in decades, at the very least we should be grateful we're not burdened with the 20% interest rates experienced in the 1980's. The economy appears to be improving, but there's still work to do.

GREATER EDMONTON AT A GLANCE OVERALL VACANCY TRENDS	2018-Q2	2018-Q3	2018-Q4	2019-Q1	Q4-Q1 TREND
Buildings Surveyed: 10,118 Existing SF: 291,350,363 sq. ft.	5.9%	5.5%	5.6%	5.8%	↑

About Us

NAI Commercial is a market-leading, full service commercial real estate brokerage providing exceptional service and expertise in Edmonton and surrounding areas since 1966. We are your ideal partner given our depth of local market knowledge and the transaction volume we close on year after year for our clients.

We build our network of **successful relationships based on trust and loyalty**, and many of our clients choose to deal with us exclusively for all their commercial real estate needs. We offer trusted advice in Edmonton, across Canada and around the world.



Recent Transactions

PROPERTIES SOLD



11755 - 108 Avenue
Price: \$24,500,000
Area: Queen Mary
Property Type: Industrial
Size: 218,126 sq.ft.
 on 13.68 acres



4104 - 78 Avenue
Price: \$18,300,000
Area: Weir Industrial
Property Type: Industrial
Size: 170,273 sq.ft.
 on 10.95 acres



102 Golden Spike Road
Price: \$8,500,000
Area: Spruce Grove
Property Type: Industrial
Size: 64,145 sq.ft.
 on 8.73 acres



17415 - 103 Avenue
Price: \$7,777,200
Area: Stone Industrial
Property Type: Industrial
Size: 35,520 sq.ft.
 on 6.45 acres



725 Mistatim Way
Price: \$6,050,000
Area: Mistatim Industrial
Property Type: Retail
Size: 9,459 sq.ft.
 on 1 acre



13118 - 50 Street
Price: \$5,700,000
Area: Kenndale Industrial
Property Type: Retail
Size: 23,035 sq.ft.
 on 2.38 acres



5401 Magasin Avenue
Price: \$4,250,000
Area: Beaumont
Property Type: Retail
Size: 12,466 sq.ft.
 on 2 acres



11211 - 266 Street
Price: \$2,650,000
Area: Acheson
Property Type: Industrial
Size: 10,680 sq.ft.
 on 1.23 acres

Listing Highlights

AVAILABLE PROPERTIES FOR SALE AND/OR LEASE



3075 - 4th Street
Sale Price: \$8,950,000
Area: Nisku
Property Type: Industrial
Size: 7,440 sq.ft.± (total)
 on 19.27 acres±



13508 - 163 Street
Sale Price: \$4,200,000
Area: Mistatim Industrial
Property Type: Industrial
Size: 16,861 sq.ft.±
 on 3.9 acres±



29160 Acheson Road
Lease Rate: \$16.40/sq.ft.
Area: Parsons Industrial
Property Type: Industrial
Size: 37,265 sq.ft.± (total)
 on 3.66 acres±



4210 Gateway Boulevard
Lease Rate: \$42.00/sq.ft.
Area: Calgary Trail South
Property Type: Retail
Size: 3,051 sq.ft.±

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