

November 29, 2024

Reference No.: 530717291-001

To: City Council
From: Kim Petrin, Deputy City Manager, Urban Planning and Economy
Subject: **Edmonton's Industrial Development Situation**

Industrial development is a key driver for economic growth and expanding the non-residential tax base in Edmonton. In June 2024, Executive Committee accepted the [2024 Industrial Investment Action Plan](#) that aims at improving the conditions for industrial investment in the City of Edmonton. We recognize the complexity of the challenge and the opportunities available and this memo is intended to provide facts and further clarify the current state of Edmonton's industrial development situation.

Industrial tax assessment, land development and construction is growing in Edmonton with relevant data indicating the following:

Tax Assessment

1. On average, Edmonton Industrial Tax Assessment has grown by almost \$171M, per year, over the past 10+ years.

Over the past 10 years, from 2014 to 2024¹, the total increase to the Industrial Tax Assessment in the City is \$1.88 billion, approximately \$171 million of increase per year.

Assessment growth occurs throughout the construction period, but the full value of the property is only realized once a property is fully constructed, which is often three to five years after the development permit is issued. A detailed analysis of timelines and the change in assessment value is part of the implementation of the Industrial Investment Action Plan.

([Attachment 1, Table 1](#): Change in Industrial Assessment by Year)

Industrial Land

2. Over the last 10 years, Edmonton has absorbed, on average, 63.4 hectares, or almost one quarter section, of vacant land per year for industrial development.

Vacant industrial land is land that is planned, subdivided, zoned for industrial development. This land is considered to be absorbed when the City issues a development permit for the construction of an industrial business.

¹ September 2024 year-to-date

Over the past 10 years, the largest land absorption rate was between 2014 and 2019 (pre-pandemic), where a total of 517.6 hectares of industrial land was absorbed, averaging 86.3 hectares per year. Over the past four years (during and post-pandemic), only 116.4 hectares have been absorbed, averaging 29.1 hectares per year.

The decline in industrial land absorption can be attributed to:

- Intensification of land use (higher value investments on less land)
- Shifts in the global and local economic landscape
- Overall lack of shovel-ready land²

Currently, Edmonton has over 6,600 hectares of land available for industrial use, which ensures that there is enough land for accelerated growth for the foreseeable future. The largest available amount of land is in EETP in the northeast. The EETP has 3,218.3 net developable hectares and generally speaking, it is largely unserviced land with low demand and the longest time frame to develop.

([Attachment 1, Table 2](#): Vacant Industrial Land Absorption by Year)

3. Only two per cent of Edmonton's vacant land inventory is shovel-ready.

Of the 6,600 hectares of land available for industrial development, only 133 hectares, or two per cent of the vacant industrial land supply, is considered to be shovel-ready.

Shovel-ready industrial land offers an immediate and attractive option for businesses looking to expand or establish new operations. For the City to attract and retain businesses, those businesses must have a place to locate; therefore, it is crucial that the City maintains a good supply of shovel-ready land on an ongoing basis. This can be done by working with private developers and willing land owners to identify which industrial lands should be developed to accelerate absorption and support investment attraction.

Between 2019 and 2023, the inventory of shovel-ready land decreased from 155 hectares to 133 hectares, demonstrating a net decrease of 14 per cent or 22 hectares over a four-year period. While it is positive to see industrial investment, the overall decrease in available shovel ready land limits our ability to attract and secure future industrial growth.

During stakeholder engagements for the Industrial Investment Action Plan, it was suggested that the City should target increasing our shovel ready land supply to at least 265-330 hectares or four to five per cent of the vacant industrial land supply.

A detailed plan for creating and managing shovel-ready land is part of the implementation of the Industrial Investment Action Plan.

² Shovel-ready refers to vacant sites that are ready to be developed. All the front-end infrastructure is in place, and planning and zoning processes have been completed. It includes the following services to the site: roadway access, water, wastewater and franchise utility services as well as removal of all organic material and backfilled to a rough grade.

([Attachment 1, Table 3](#): Vacant Industrial Land Supply)
([Attachment 1, Table 4](#): Shovel Ready Industrial Land Supply)

4. Edmonton is investing in shovel-ready industrial land.

Since 2020, the City has sold 15 hectares of fully serviced, shovel ready industrial land valued at over \$27 million. These properties are currently being developed by industry, which will increase their market value and generate higher tax revenue for the City.

The City's next two major industrial land development projects, set to begin construction in 2025, are planned to create approximately 24 hectares of fully serviced, shovel-ready, saleable land, while also servicing a 20-hectare parcel for the new Ellerslie bus barns. These two projects will directly invest approximately \$35 to \$43 million into the City's industrial sector and contribute approximately eight per cent towards creating a minimum of 265 hectares of shovel ready land supply. This work is funded through the approved capital profile *CM-16-2010 Industrial-Commercial-Investment Land Development* and funded by Land Enterprise Retained Earnings, a non-tax levy, constrained funding source.

([Attachment 1, Table 5](#): COE Land Development Industrial Land Sale Data 2020-2024)
([Attachment 1, Table 6](#): CM-16-2010: 2023 - 2026 Approved Amounts)

Industrial Construction

5. Total industrial construction in Edmonton has increased almost 20% to \$355M in 2024¹.

Edmonton is experiencing growth in total industrial construction (both new and alternations and repairs). Data shows that new construction is consistently occurring in Edmonton and that existing businesses are staying and growing.

Total industrial construction in Edmonton has increased 19.4 per cent to \$355M in 2024¹. At the same time, total permits have declined to 227 permits meaning the average construction value per permit is increasing. In 2024¹, the average construction value per permit reached its highest value since 2014 of \$1.5M per permit, meaning that we are building less but it's of higher value that will potentially translate into higher tax assessments.

As expected, new construction has a higher total value than alterations and repairs of industrial projects in Edmonton. It is also noted that there are more permits issued in the City of Edmonton for industrial alterations and repairs than for new industrial construction. This demonstrates that the average value of permits for new industrial construction in Edmonton consistently remains higher than the average value of permits for industrial alterations and repairs for pre-existing businesses.

On average, 49 new industrial development permits for construction are processed by the City of Edmonton per year with the construction value per permit increasing over time, from approximately \$1M in 2020 to \$4.8M in 2024¹. Similarly, the City of Edmonton processes an average of 296 industrial alterations and repairs permits per year with the value per permit increasing from \$297,000 in 2014 to \$413,000 in 2024¹.

This growth in industrial development is an important signal that is expected to have a positive impact on Edmonton's non-residential tax base in the coming years as these projects are completed.

([Attachment 1](#), [Charts 1 and 2](#): Total Amount of Industrial Development by Year

Industrial development is growing in Edmonton and more work is needed to ensure this momentum continues to increase at the same rate or higher as residential development. This is important for striking the right balance between residential and non-residential taxes and the implementation of the Industrial Investment Action Plan is one mechanism to ensure increased growth in Edmonton's industrial development.

Should you wish to discuss this information further, please contact Alisa Laliberte, Branch Manager, Economic Investment Services via email alisa.laliberte@edmonton.ca or by phone at 780-217-1632.



KP/ig

cc: Executive Leadership Team
Aileen Giesbrecht, City Clerk, Office of the City Clerk

[Attachment 1:](#)

- [Table 1](#): Change in Industrial Assessment by Year
- [Table 2](#): Vacant Industrial Land Absorption by Year
- [Table 3](#): Vacant Industrial Land Supply
- [Table 4](#): Shovel Ready Industrial Land Supply
- [Table 5](#): COE Land Development Industrial Land Sale Data 2020-2024
- [Table 6](#): CM-16-2010: 2023 - 2026 Approved Amounts
- [Charts 1 and 2](#): Total Amount of Industrial Development by Year

Attachment 1: Industrial Development Analysis

Table 1: Change in Industrial Assessment by Year

Year	Real Industrial Assessment Growth	Total Industrial Assessment
2014	\$523,304,783	\$14,465,280,871
2015	\$476,832,522	\$15,702,902,979
2016	\$419,415,700	\$16,693,091,138
2017	\$118,055,754	\$15,484,064,378
2018	\$56,945,388	\$15,440,292,705
2019	\$30,984,214	\$15,175,927,038
2020	\$219,452,022	\$15,375,595,679
2021	\$123,604,470	\$14,994,920,616
2022	\$19,186,517	\$14,727,811,488
2023	\$175,973,318	\$16,360,495,333
2024*	\$135,214,705	\$16,927,156,111
Total Growth in Industrial Assessment Over the Past 10 Years	\$1,879,553,693	
Average Annual Industrial Assessment Over the Past 10 Years	\$170,868,518	

*YTD (September 2024)

Table 2: Vacant Industrial Land Absorption by Year

Year	Absorbed Land Area (ha)
2014	155.0
2015	78.0
2016	116.0
2017	35.0
2018	32.0
2019	101.6
2020	10.1

2021	31.5
2022	49.5
2023	25.3
Total Vacant Industrial Land Absorption over past 10 years	634.0
Annual Vacant Industrial Land Absorption over past 10 years	63.4
Total Vacant Industrial Land Absorption Before Pandemic (2014-2019)	517.6
Annual Vacant Industrial Land Absorption Before Pandemic (2014-2019)	86.3
Total Vacant Industrial Land Absorption During/Post Pandemic (2020-2023)	116.4
Annual Vacant Industrial Land Absorption During/Post Pandemic (2020-2023)	29.1

Table 3: Vacant Industrial Land Supply

Year	Land Area (ha)
2019	6820.0
2020	6799.0
2021	6746.0
2022	6715.0
2023	6687.0
Net Vacant Industrial Land decrease between 2019-2023	133.0
Average Annual Vacant Industrial Land Decrease Between 2019-2023	33.3

Table 4: Shovel Ready Industrial Land Supply

Year	Land Area (ha)
2019	155.0
2023	132.7

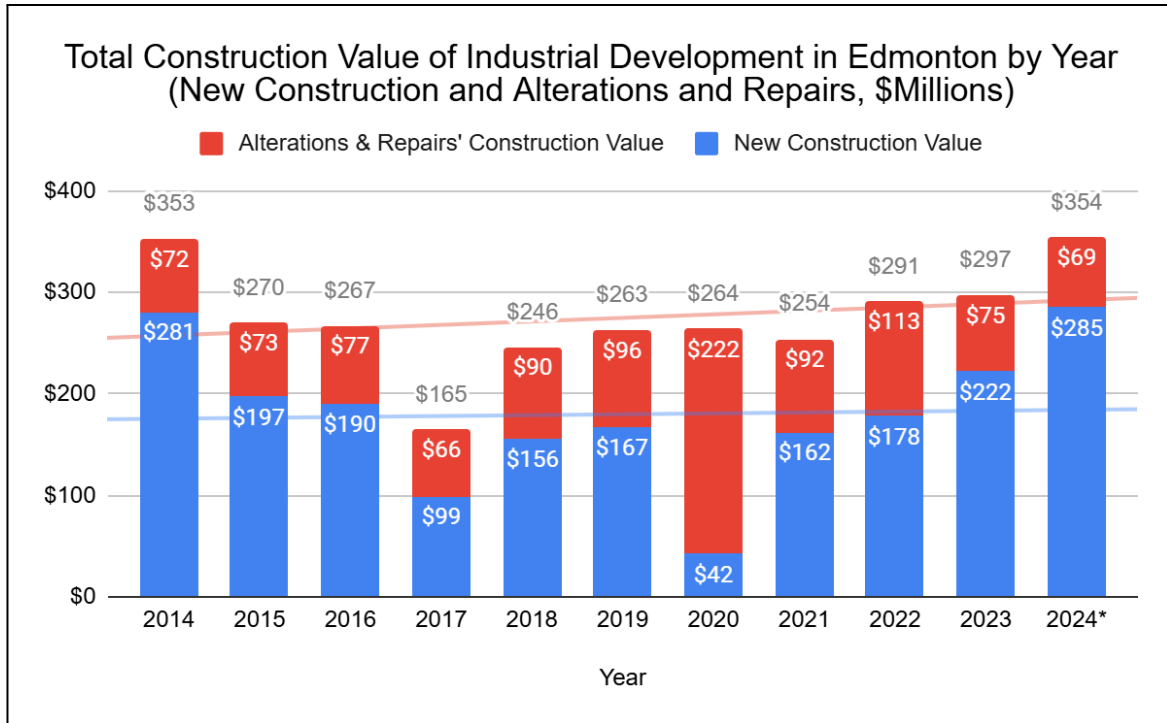
Table 5: COE Industrial Land Sale Data 2020-2024

Industrial Subdivision	Lots Sold (2020-2024)	Total Area of Sale Land (hectares)	Sale Value
Rampart Stage 2	0	0.0	
Rampart Stage 4	3	4.4	\$7,200,000
Rampart Stage 6	1	2.0	\$3,200,000
Southeast Industrial Stage 2	14	8.6	\$17,000,000
Total	18	15.0	\$27,400,000

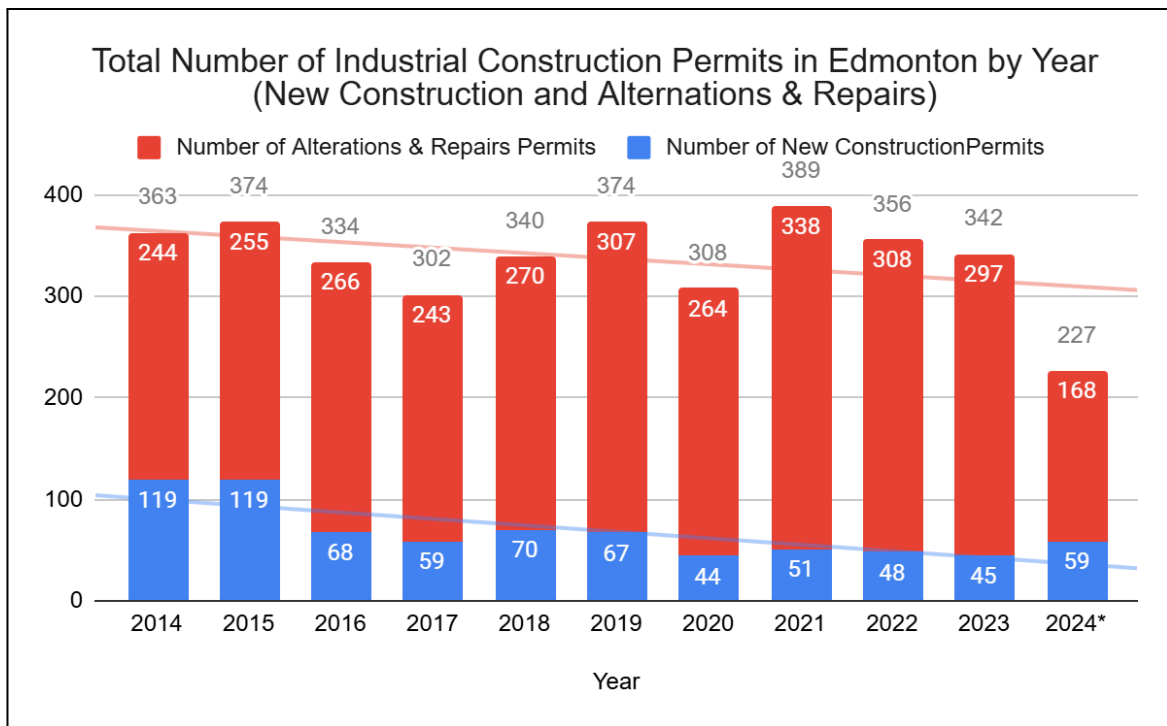
Table 6: CM-16-2010: 2023 - 2026 Approved Amounts

Profile: CM-16-2010	Approved Amount
2023	\$ 2,717,000
2024	\$ 7,939,000
2025	\$ 10,010,000
2026	\$ 20,498,000
Total	\$ 41,164,000

Charts 1 and 2: Total Amount of Industrial Development in Edmonton by Year (New Construction and Alterations & Repairs)



*YTD (September 2024)



*YTD (September 2024)