

Commercial Business

Lethbridge Market Report



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Lethbridge is situated in the Province of Alberta, 235 kilometers south of Calgary and 85 kilometers north of the U.S. border. A mid-sized city of over 100,000 people in Southern Alberta, Lethbridge provides services for a population base of approximately 275,000. Lethbridge and its surrounding area house a stable economic community, which is largely dependent upon the region’s agricultural base and the city’s role as an administrative center for southwest Alberta.

Thanks to its location under the big prairie skies, Lethbridge enjoys a climate of mild winters and warm, sun-soaked summers. In winter, Lethbridge benefits from the chinook winds that frequently blow off the Rockies and bring with them warm temperatures that melt any snow in their path.

Population

One of Lethbridge’s greatest assets is its diverse and dynamic population. The population continues to grow at a steady rate, and as of 2019 sits at 101,482 with more than a quarter of the adult population under the age of 34.

Lethbridge Municipal Census Population Data by Region

Year	North	%	South	%	West	%	Total	%
2015	26,751	1.1	31,337	0.5	36,716	3.8	94,804	1.9
2016	27,179	1.6	31,720	1.2	37,929	3.3	96,828	2.1
2017	27,453	1.0	31,660	-0.2	39,085	3.0	98,128	1.4
2018	27,700	0.9	32,109	1.4	39,960	2.2	99,769	1.6
2019	28,172	1.7	32,412	0.9	40,898	2.4	101,482	1.7

Table 1, sourced information at the end of document. ¹

*Over the past five years, the population has grown by an average of almost 2% each year.

Education

Our community is committed to quality education from preschool and kindergarten all the way through to college and university. Between the Lethbridge public and Catholic school systems, there are a total of 28 schools, that serve Lethbridge and surrounding area from preschool to Grade 12.

Education Continued

The University of Lethbridge, celebrating its 50th anniversary, attracts approximately 8,400 undergraduate and graduate students from around the world each year. The university is currently undergoing a dramatic, \$280 million campus redevelopment that will include a new academic and science building, new central utility plant and a revitalization of University Hall.

Lethbridge College was founded in 1957 as Canada’s first publicly funded community college. More than 4,000 students are enrolled in more than 50 programs at the main campus in Lethbridge or at one of the college’s three regional campuses. The college is also in the midst of a \$65 million expansion of its Trades and Technologies Facility to accommodate 880 new students.

Employment

Since 2014 Lethbridge has been below the provincial unemployment rate by at least 2% nearly every year. The public sector continues to be one of the largest employers for the area. In Lethbridge, the median household income in 2018 was \$92,490, representing a 2.12% annual change over 2017.

Unemployment Rate

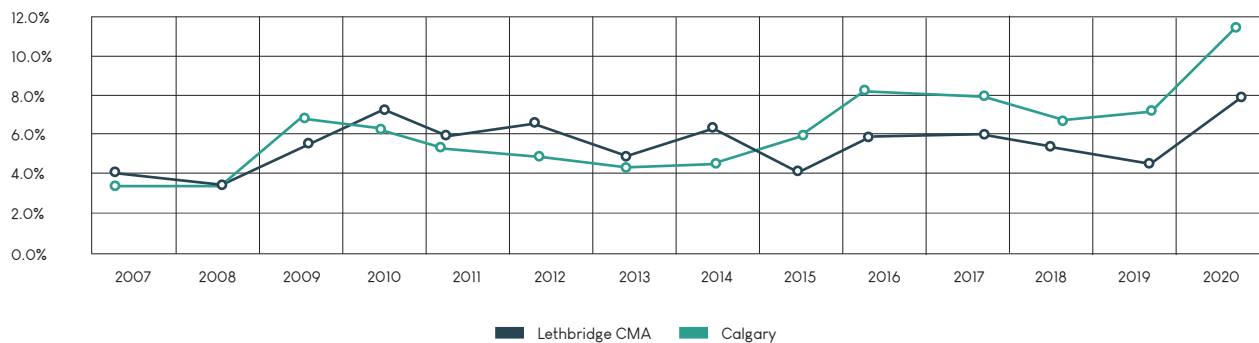


Table 2, sourced information at the end of document.²

Median Household Income

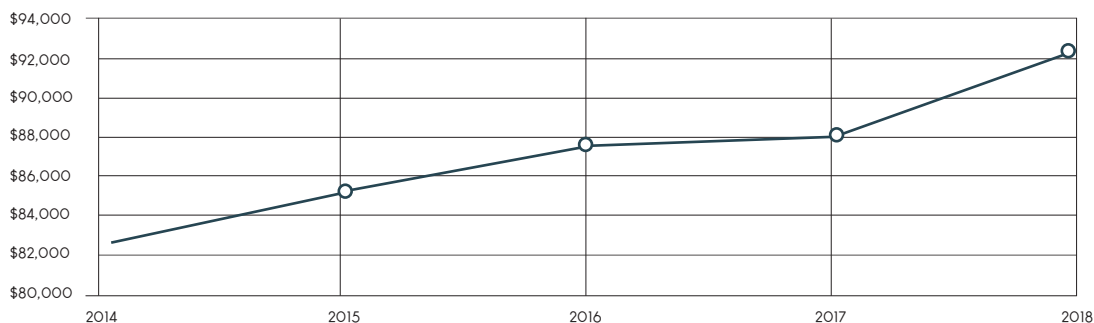


Table 3, sourced information at the end of document.³

2017	2018	Annual Change
\$90,570	\$92,490	+2.12%

*Adapted from statistics Canada, Annual income Estimates for Census Families and Individuals (T1 Family File).

Lethbridge Labour Market Sectors in 2016

Lethbridge Industries	Percentage Of Labour Market
Health Care and Social Assistance	14.5
Retail Trade	13.6
Manufacturing	7.9
Educational Services	9.4
Construction	8.5
Accommodation and Food Services	8.3
Other Services (Except Public Administration)	4.9
Agriculture, Forestry, Fishing, and Hunting	2.0
Public Administration	5.7
Professional, Scientific, and Technical Services	4.8
Transportation and Warehousing	3.3
Administrative & Support, Waste & Remediation Services	4.0
Wholesale Trade	3.0
Finance and Insurance	3.1
Arts, Entertainment, and Recreation	2.0
Mining, Quarrying, and Oil and Gas Extraction	1.6
Information and Cultural Industries	1.2
Real Estate, and Rental and Leasing	1.5
Utilities	0.5
Management of Companies and Enterprises	0.1

Table 4, sourced information at the end of document.⁴

Industrial Sector

The Lethbridge real estate sector remained strong at the end of 2020 with multiple large purchases occurring throughout the year.

2020 Large Purchases in Lethbridge Industrial Sector

Address	Sale Date	Sale Price	Cap Rate	Income
2920 9th Ave N	July 2020	\$7,170,000	7.80%	\$558,252
1810 31 St N	July 2020	\$10,800,000	8.45%	\$913,148
584 41 St N	January 2020	\$9,700,000	7.18%	\$969,887

Table 5, sourced information at the end of document.⁵

Overall, 9,854,000 square feet of total industrial square-footage is tracked by the Avison Young team within the city limits of Lethbridge, with 4,761,800 sf or 48.09% of the total being leased. The industrial vacancy rate climbed in 2020 significantly to 10.55%, due almost solely to one large vacancy. This vacancy created 130,00 sf of available industrial space, although only 60,000 sf is usable. If we remove the unusable portion of this former Cavendish facility, the Lethbridge Industrial vacancy rate is 7.15% which is a decline from the previous years 8.25% rate. This decrease in vacancy could be attributed to the Lethbridge industrial market being fueled by services that are considered essential, such as agricultural food production and construction.

Overview of Lethbridge Industrial Real Estate Sector

Total Acres	2,223 acres
Total Developed Acres	1,263 acres
Total Square Footage	9,854,230 square feet
Total Owner-Occupied Square Footage	4,238,942 square feet
Total Leasable Square Footage	4,738,833 square feet

Table 6, sourced information at the end of document.⁶

Vacancy Figures in Lethbridge Industrial Real Estate Sector

Total Vacant Square Footage	499,891 square feet
Total Vacancy Percentage	7.15%
Average Lease Rates	\$7.88 per square feet

Table 7, sourced information at the end of document.⁷

Office Market

The office market in Lethbridge has been impacted significantly by COVID-19 resulting in a push for suburban office settings. Other factors impacting the office sector include many companies pushing for virtual meetings, reduced footprints, and maximizing the value of any occupied real estate. Downtown Lethbridge remains one of the hardest hit areas geographically. With approximately 15% vacancy in 2020 comprising over 100,000 sq ft of vacant space just in the city core, many investors and landlords are facing a competitive market in trying to re-lease spaces. Although COVID 19 is a driving force for downtown office vacancy, signs of a movement to suburban offices started to show in early 2018 and 2019.

Overview of Lethbridge Office Real Estate Sector

Total Class A Downtown	664,796 square feet
Total Class B Downtown	209,310 square feet
Total Downtown	874, 106 square feet
Total Class A Suburban	1,312,141 square feet
Total Class B Suburban	114,289 square feet
Total Suburban	1,426,430 square feet
Average Overall Office Vacancy	10.84%
Average Rental Rate	\$11.86 per square foot

Table 8, sourced information at the end of document.⁸

Vacancy Figures in Lethbridge's Downtown Office Real Estate Sector

Total Class A Vacant	65,017 sqft	9.78% (of total Class A downtown space)
Total Class B Vacant	42,800 sqft	20.45% (of total Class B downtown space)
Total Vacant	107,817 sqft	12.33% (of total Class downtown space)
Average Vacancy Per Building	21.65%	

Table 9, sourced information at the end of document.⁹

Vacancy Figures in Lethbridge's Suburban Office Real Estate Sector

Total Class A Vacant	5,300 sqft	0.40% (of total Class A downtown space)
Total Class B Vacant	13,800 sqft	12.7 % (of total Class B downtown space)
Total Vacant	19,100 sqft	1.34 % (of total Class downtown space)
Average Vacancy Per Building	5.29%	

Table 10, sourced information at the end of document.¹⁰

Retail Market

At the start of 2020 nearly all retail businesses were forced to close their doors due to government orders. As many smaller retailers were unable to navigate the uncertainty of the first lockdown, their doors remained closed. As rent relief programs became available and retroactively adjusted rents occurred, many small to medium sized businesses were able to maintain some level of operations.

Retail vacancy increased from just 3% in 2019 to 5% in 2020 across the city including both downtown and suburban areas. While we saw some resumed activity among fast-food restaurants throughout the summer and into the fall, most retailers remain in a holding position through to the end of 2020 and into 2021. We expect to continue to see a small rise in vacancy and a decrease in lease rates as landlords become increasingly concerned with maintaining existing tenants and keeping them operating throughout the remainder of the pandemic.

Closing Remarks

With its close proximity to both the US border and Calgary, Lethbridge is the hub of trade for most of southern Alberta, serving over a quarter million people living within the area. Our consistent population growth and large draw for post-secondary education keep Lethbridge a healthy and vibrant community year over year, even through shutdowns due to COVID-19. With its strong agricultural base and connection to the oil and gas industry, Epiphany Legacy Investment is focused on Lethbridge for its core portfolio of commercial real estate. We at EPLP feel strongly that our position in the Lethbridge market lays a great foundation for us to build upon as we continue to add assets to our portfolio and lengthen our proven track record of success.

Reference Notes

- 1 Table 1, Sourced from City of Lethbridge, Lethbridge Census Report 2015, 2016, 2017, 2018, and 2019.
- 2 Table 2, Sourced from, Lethbridge – Median Family Income, <https://regionaldashboard.alberta.ca/region/lethbridge/median-family-income/#/?from=2014&to=2018>.
- 3 Table 3, Sourced from, Lethbridge – Median Family Income, <https://regionaldashboard.alberta.ca/region/lethbridge/median-family-income/#/?from=2014&to=2018>.
- 4 Table 4, Sourced from Statistics Canada Community Profiles 2016.
- 5 Table 5, sourced from Avison Young Lethbridge 2021 Lethbridge Market Forecast Report
- 6 Table 6, sourced from Avison Young Lethbridge 2021 Lethbridge Market Forecast Report
- 7 Table 7, sourced from Avison Young Lethbridge 2021 Lethbridge Market Forecast Report.
- 8 Table 8, sourced from Avison Young Lethbridge 2021 Lethbridge Market Forecast Report.
- 9 Table 9, sourced from Avison Young Lethbridge 2021 Lethbridge Market Forecast Report.
- 10 Table 10, sourced from Avison Young Lethbridge 2021 Lethbridge Market Forecast Report.