

City of Lethbridge Commercial and Industrial Study

Executive Summary

Prepared for

Economic Development Lethbridge



November 2025

Executive Summary

Overview of Project & Goals

Economic Development Lethbridge (EDL) retained MXD Development Strategists in 2025 to prepare an updated **Commercial and Industrial Development Study (CIDS)** for the City of Lethbridge. This work builds on MXD's 2017 study and responds to significant demographic, economic, and policy changes that have reshaped market conditions over the past decade.

The goal of this study is to identify **market-supported development opportunities** across major asset classes—residential, retail, office, industrial, and hotel—and to establish a **clear, implementable strategy** for supporting growth, optimizing land use, and strengthening Lethbridge's competitive position within southern Alberta.

A second objective is to provide a **coordinated action plan** aligning key elements of economic development: land supply, infrastructure capacity, workforce assets, policy frameworks, and incentive programs. The outcome is a 5–10 year roadmap that prioritizes high-value economic opportunities and positions Lethbridge as a resilient, forward-looking regional hub.

The analysis integrates market data, policy review, GIS building permit trends, and extensive stakeholder engagement to produce development scenarios and ten strategic recommendations that guide future investment and decision-making by EDL and the City.



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Economic Overview

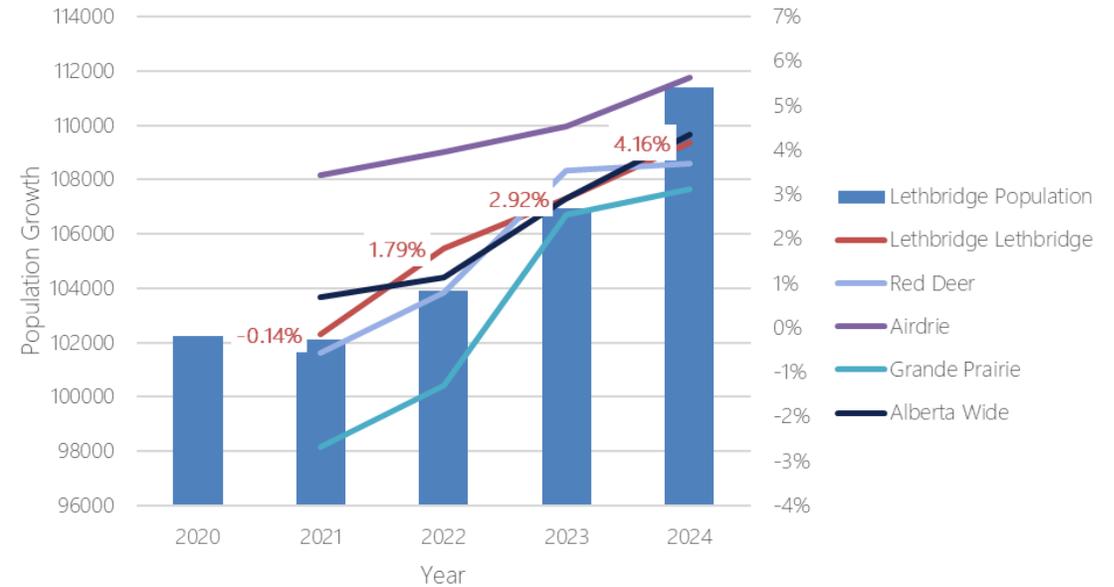
Lethbridge's economy is defined by **diversity, stability, and steady population growth**, distinguishing it from more boom–bust resource-dependent centers in Alberta. With an estimated population of **111,400 in 2024**, Lethbridge is the province's fourth-largest city and one of the fastest growing municipalities. The city anchors a regional trade area extending across southern Alberta, southeastern British Columbia, and northern Montana.

The city benefits from a **balanced economic base** consisting of agri-food processing, manufacturing, logistics, health care, education, government services, and retail. Key global and national trends - including strong crop prices, high demand for value-added agricultural exports, and post-secondary enrollment growth - continue to shape the region's economic performance. Lethbridge's comparatively affordable housing and expanding institutional assets also contribute to a stable labour force and rising incomes.

Provincial investments in **irrigation, highway infrastructure, and education** reinforce the city's competitive position, while local initiatives—such as the Agri-food Hub & Trade Centre, new post-secondary expansions, and creative industries programming—signal growth in emerging sectors including ag-tech, advanced manufacturing, and digital/creative industries.

However, challenges remain. **Labour shortages**, infrastructure capacity constraints (particularly wastewater servicing), immigration policy changes and global trade volatility require proactive land-use and economic development strategies to sustain growth. This study positions the city to capitalize on strengths while addressing these emerging constraints.

Figure E.1 Population Growth 2020 to 2024 in Comparable Alberta Cities



Population % Growth (2024)



City of Lethbridge: **4.16%**

Canada: **1.8%**

Average Home Price (2024 Year-end)



City of Lethbridge: **\$384,794**

Canada: **\$664,078** (CREA)

Median Age of The Population (2024)



City of Lethbridge: **38.1**

Canada: **40.3**

Homeownership Rates (2021)



City of Lethbridge: **70.4%**

Canada: **66.5%**

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Stakeholder Input & Process

As part of this strategy, MXD engaged with a wide range of stakeholders including City staff, Economic Development Lethbridge, industry representatives, developers, and community organizations. These conversations provided valuable perspectives on Lethbridge's strengths, challenges, and opportunities, ensuring the recommendations in this report are grounded in local knowledge and aligned with the priorities of those shaping the city's economic future.

Stakeholder engagement meetings were coordinated by EDL. Engagement with City departments was conducted as a group workshop over a series of days. Engagement with community stakeholders were conducted as one-on-one interviews either online via Teams calls or in-person. Key themes that emerged from these workshops and meetings are presented on the following pages. These themes represent perspectives shared by stakeholders and are not necessarily reflective of the study team's analysis or conclusions; they have been summarized as expressed and anonymized to respect the privacy of participants.

- | | |
|--------------------------------------------|------------------------------|
| ✓ Economic Development Lethbridge | ✓ Melcor |
| ✓ City of Lethbridge (Various departments) | ✓ BILD Lethbridge |
| ✓ Lethbridge Polytechnic | ✓ Triple M Homes |
| ✓ CONCEPT Investment Partners Ltd. | ✓ Haul-All |
| ✓ Cedar Ridge Homes | ✓ Avison Young |
| ✓ Sumus Property Group | ✓ MKS Developments |
| | ✓ Lethbridge Family Services |



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Stakeholder Key Themes

1. Infrastructure Servicing as a Gatekeeper

Wastewater capacity emerged as the most significant barrier to accommodating new industrial users, particularly in agri-food processing and water-intensive industries.

2. Strong Appetite for Strategic Growth

Stakeholders expressed that Lethbridge has momentum but requires more coordinated planning to unlock key corridors, optimize greenfield areas, and accelerate redevelopment in strategic nodes.

3. Demand for Housing Diversity

There is a growing need to shift from predominantly single-detached housing toward denser multi-family, missing-middle, and mixed-use formats to support labour force growth and affordability.

4. Industrial Demand Outpacing Supply

Local employers face limited options for serviced industrial land, particularly medium-sized parcels under 10 acres with utilities ready.

5. Downtown and Corridor Revitalization

Incentive tools like TRIP were widely recognized as successful, with calls for expanding support to other nodes and mixed-use corridors.

6. Need for Modern, Flexible Commercial Zoning

The ongoing Land Use Bylaw Renewal presents opportunities to simplify definitions, reduce barriers to mixed-use development, and facilitate non-traditional commercial formats.

7. Regional Role as a Service, Retail, and Institutional Hub

Stakeholders emphasized Lethbridge's unique role in serving a large rural trade area, reinforcing the importance of maintaining competitive retail and service offerings.

Collectively, the engagement underscores the need for **service-ready land, updated frameworks for guiding growth, and targeted incentives** to support both public and private-sector investment and the city's long-term strategic vision.

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Real Estate Market Analysis



Multi-Family Residential

- **Severe supply constraints:** home inventory fell to less than two months of supply. Home prices rose 8% year-over-year in 2024, hitting ~\$390,000.
- **Affordability is deteriorating:** Median home prices have risen faster than incomes since 2000, pushing ownership out of reach for many and intensifying rental strain.
- **Rental availability a challenge:** Vacancy plunged to 0.6% by late 2024, with average one-bedroom rents rising 14–15% to \$1,366 and two-bedrooms by 8.6%, - among Alberta's highest.
- **Construction surged in response:** Housing starts rose 194% in 2024 vs. 2023, with strong momentum into 2025. Builders are targeting suburban areas and multi-family infill projects to address demand and there is strong investor confidence in multi-family and rental product.
- **Forecasted housing demand is strong:** The moderate growth scenario projects 10,800 new housing units needed by 2045—a 26% expansion of the city's current housing stock.
- **Development opportunities are significant,** but success hinges on managing infrastructure constraints, labor shortages, community resistance to density, and aligning product with market needs.



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Retail

- **Strong Retail Fundamentals:** Lethbridge's retail vacancy under 1% and lease rates are rising due to steady demand driven by population growth, low unemployment, and a diversified economy.
- **Retail Expansion Concentrated in Growth Nodes:** West and South Lethbridge are primary expansion areas; West Lethbridge is particularly underserved.
- **Retail Typologies Diversifying:** Daily-needs retail (grocery, pharmacy) dominates demand, but experiential, wellness, and mixed-use formats are under served.
- **Opportunities in Redevelopment:** Aging malls and underused retail strips—particularly downtown and in North Lethbridge—offer potential for revitalization or mixed-use conversion.
- **High Development Costs Temper Activity:** High construction and financing costs slowed speculative development recently, but demand remains strong enough to support new projects.
- **Positive Long-Term Outlook:** Base-case forecast anticipates 470,000 SF of new retail over the next 20 years, with sustained investor interest and opportunities in niche and mixed-use formats.



Office

- **Inventory & Vacancy:** Lethbridge's total office stock is now measured at 1.367M sf with overall vacancy 10.1%; suburban space is tight at 5.8%, while downtown towers sit at 11.3 %.
- **Stable Demand Drivers:** A diversified economy—public sector, education-health, agribusiness, and professional services—anchors occupancy; entirely small/medium enterprise (SME) office requirements.
- **Flight to "New":** Tenants pay premium gross rents (\$31.75 PSF) for post-2015 suburban buildings; older downtown towers hold 75% of vacant space, pressing owners to renovate or repurpose.
- **Development Pipeline:** Minimal new construction, led by Sumus downtown infills and Crossings Phase 2; City TRIP tax abatements make mixed-use projects financially viable despite high build costs.
- **Rents & Capital:** Average base rent climbed to \$18.59 PSF as construction inflation and 2024 rate cuts reset cost expectations; cap rates hover 6–8%, drawing cautious but improving investor interest.
- **Outlook:** Moderate scenario projects 190K sf of net absorption by 2034 and 500K sf by 2044, contingent on continued incentives, easing interest rates, and ongoing adaptive reuse of obsolete downtown stock.

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Hotel

- **Inventory & Vacancy:** Lethbridge has approximately 1,500 hotel rooms across 20 properties, primarily within the 2- to 3.5-star category. Market remains **stable but selective**, requiring careful site positioning and alignment with demand generators.
- **Visitor market:** The visitor market is heavily oriented towards personal and family travel, accounting for 51% of all visits, compared to 39% for leisure travel – notably lower than the typical range of 50% to 70% found in comparable markets.
- **Tourism Sector:** Tourism however is growing year-on-year with a diversifying tourism industry, and targeted events
- **Agri-Food Hub & Trade Centre:** 268,000SF venue at Exhibition Park for conferences, agricultural exhibitions, and events, expected to attract larger regional and provincial events, generating new demand for hotel stays.
- **Pipeline Projects:** No new hotel construction since 2021, however TCI/Tollestrup Group is set to build West Lethbridge's first full-service hotel with 120 rooms and extended-stay component at The Crossings.
- **Outlook:** Moderate scenario projects an additional 287 rooms over the next 20 years, leveraging new recreation facilities, events and tournaments.



Industrial

- **Tight Market with Limited Modern Space:** 10.25M SF of industrial inventory with low 4% vacancy. Modern Class A space is nearly fully leased. Yet little speculative development and reports of potential tenants unable to secure facility in reasonable timeframe.
- **Rents Rising Rapidly:** New leases average \$10.65 per SF, up over 15% from pre-2020. Older spaces are also seeing sharp rent increases as landlords align to current market rates. Land at \$360,000/acre.
- **Agri-Food and Manufacturing Lead Demand:** Large-scale investments from McCain, PIP, and NewCold reinforce Lethbridge's strength in agri-processing and manufacturing, driving demand across the supply chain. City is not in position to fully capitalize upon these catalysts.
- **Steady Long-Term Growth Expected:** Industrial demand could grow by up to 920 acres over 20 years. Moderate growth (671 acres) is most likely, driven by logistics advantages and economic growth.
- **Rising Competition in the Region:** New parks in Lethbridge County and Coaldale offer lower costs, challenging city parks. The city retains an edge with infrastructure and full services.

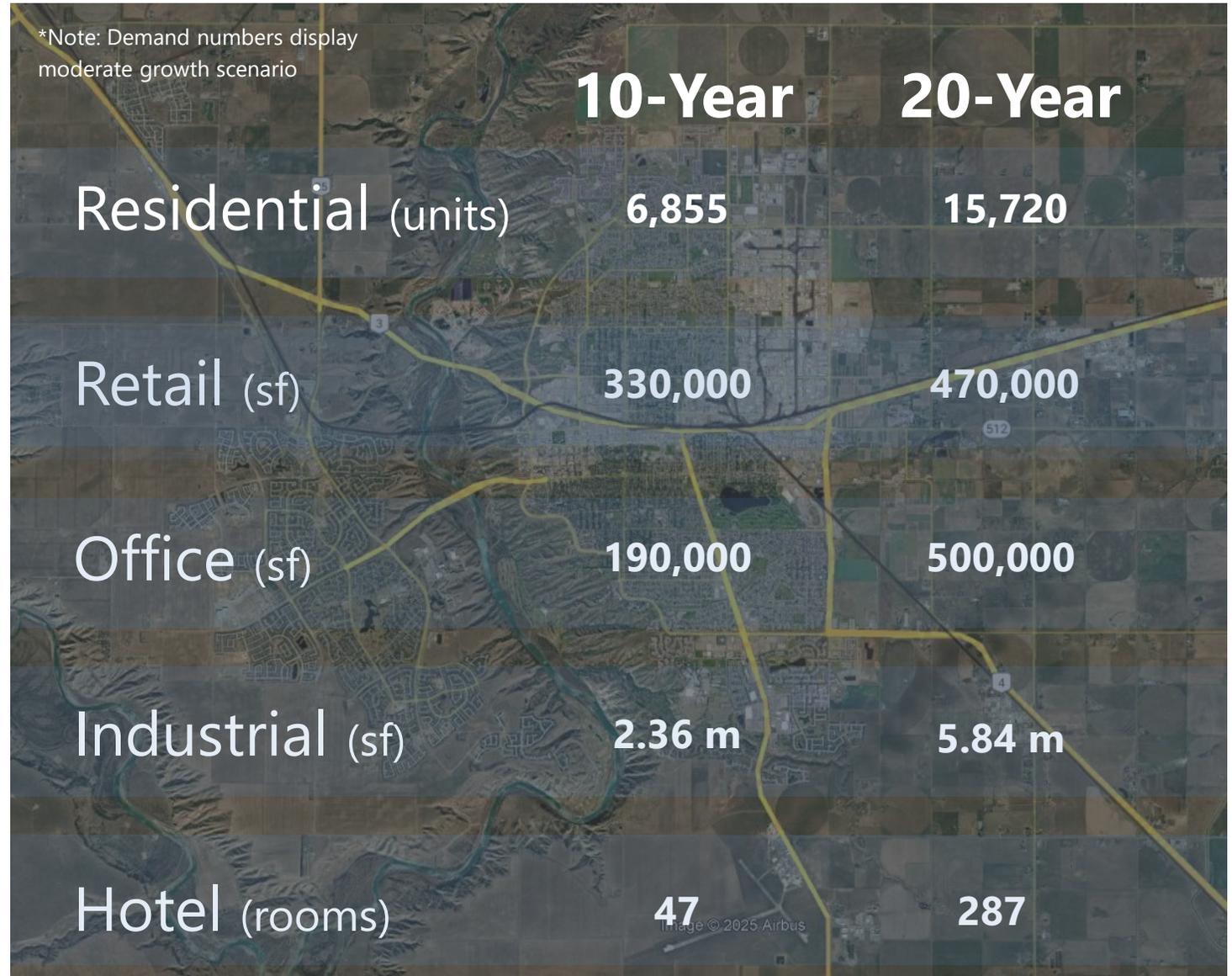
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Demand Summary

To synthesize the findings of the market analysis, a consolidated demand summary was prepared using the **moderate demand projections** across all real estate asset classes. The summary in Figure 11.1 presents projected demand over both 10-year and 20-year cumulative intervals, providing a clear picture of expected development needs across residential, retail, office, hotel, and industrial uses. These demand projections are based on population growth data as detailed in the Market Analysis.

By integrating all market findings into a single framework, the demand summary highlights the scale and balance of growth anticipated in Lethbridge and serves as the foundation for the Growth Scenarios and Recommendations that follow.

The Growth Scenarios presented on the following pages are all based on the Demand Summary presented in Figure 11.1, using consistent population growth data as detailed in the Market Analysis.



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Growth Scenarios

Three growth scenarios have been established based on the **market analysis, policy review, and case studies of other cities**, as illustrated on the following pages, providing a grounded yet forward-looking framework for Lethbridge's potential growth pathways. These growth scenarios apply the moderate demand projections detailed on the previous page, to three different patterns and densities of growth across the City.

Across the scenarios, a clear trend emerges toward **more efficient use of commercial and industrial land**. Industrial, retail, and office uses are increasingly accommodated on smaller footprints without sacrificing total floor space, achieved through higher floor area ratios (FARs) and strategic location in accessible, high-traffic areas. This intensification aims to support more sustainable infrastructure investment and greater economic output per acre.

On the residential side, total acres decline from Scenario 1 to Scenario 3 while housing output is maintained through higher densities and a greater share of multi-family forms, reflecting a shift toward **a more compact, transit-supportive, and mixed-use urban forms**.

Scenario 1: Business As Usual

Maintains historic development patterns with low-density commercial/industrial and majority single-detached housing, consuming the most land.

Scenario 2: Moderate

Increases commercial/industrial efficiency through higher FARs while introducing a more balanced and diverse residential mix.

Scenario 3: Aggressive

Maximizes land efficiency for both commercial/industrial and residential uses, achieving the most compact urban form.

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Growth Scenarios: Density & Acreage Projections

Scenario 1: Business As Usual

Projects future growth based on Lethbridge's historic development trends, reflecting continuation of existing suburban growth patterns, with limited change in the balance between housing typologies.

Commercial	Acres	FAR	SF	
Industrial	670	0.2	5,840,000	
Retail	54	0.2	470,000	
Office	51	0.25	550,000	
Hotel	6	N/A	287 Rooms	
Residential	Acres	DU/Acre	Units	% Mix
Single-Detached	743	10	7,427	69%
Semi-Detached	44	12	530	5%
Row-homes	30	18	534	5%
Apartments	59	35	2,056	19%
Moveable Dwellings	63	6	214	2%
TOTAL	1,692 Acres			

Scenario 2: Moderate

Aligns with City's Municipal Housing Strategy, responding to changing demographics, shifting household sizes, and evolving housing preferences, while also optimizing land use for employment-generating commercial and industrial sectors.

Commercial	Acres	FAR	SF	
Industrial	447	0.3	5,840,000	
Retail	31	0.35	470,000	
Office	36	0.35	550,000	
Hotel	6	N/A	287 Rooms	
Residential	Acres	DU/Acre	Units	% Mix
Single-Detached	561	10	5,610	52%
Semi-Detached	90	15	1,349	12.5%
Row-homes	67	20	1,349	12.5%
Apartments	45	50	2,266	21%
Moveable Dwellings	27	8	216	2%
TOTAL	1,310 Acres			

Scenario 3: Aggressive

This aspirational scenario models outcomes if Lethbridge pursued higher-density, mixed-use, and transit supportive patterns similar to progressive peer cities, representing a significant shift toward multi-family housing and land efficiency.

Commercial	Acres	FAR	SF	
Industrial	447	0.3	5,840,000	
Retail	31	0.35	470,000	
Office	36	0.35	550,000	
Hotel	6	N/A	287 Rooms	
Residential	Acres	DU/Acre	Units	% Mix
Single-Detached	475	10	4,747	44%
Semi-Detached	90	15	1,349	12.5%
Row-homes	94	20	1,888	17.5%
Apartments	50	50	2,481	23%
Moveable Dwellings	40	8	324	3%
TOTAL	1,269 Acres			

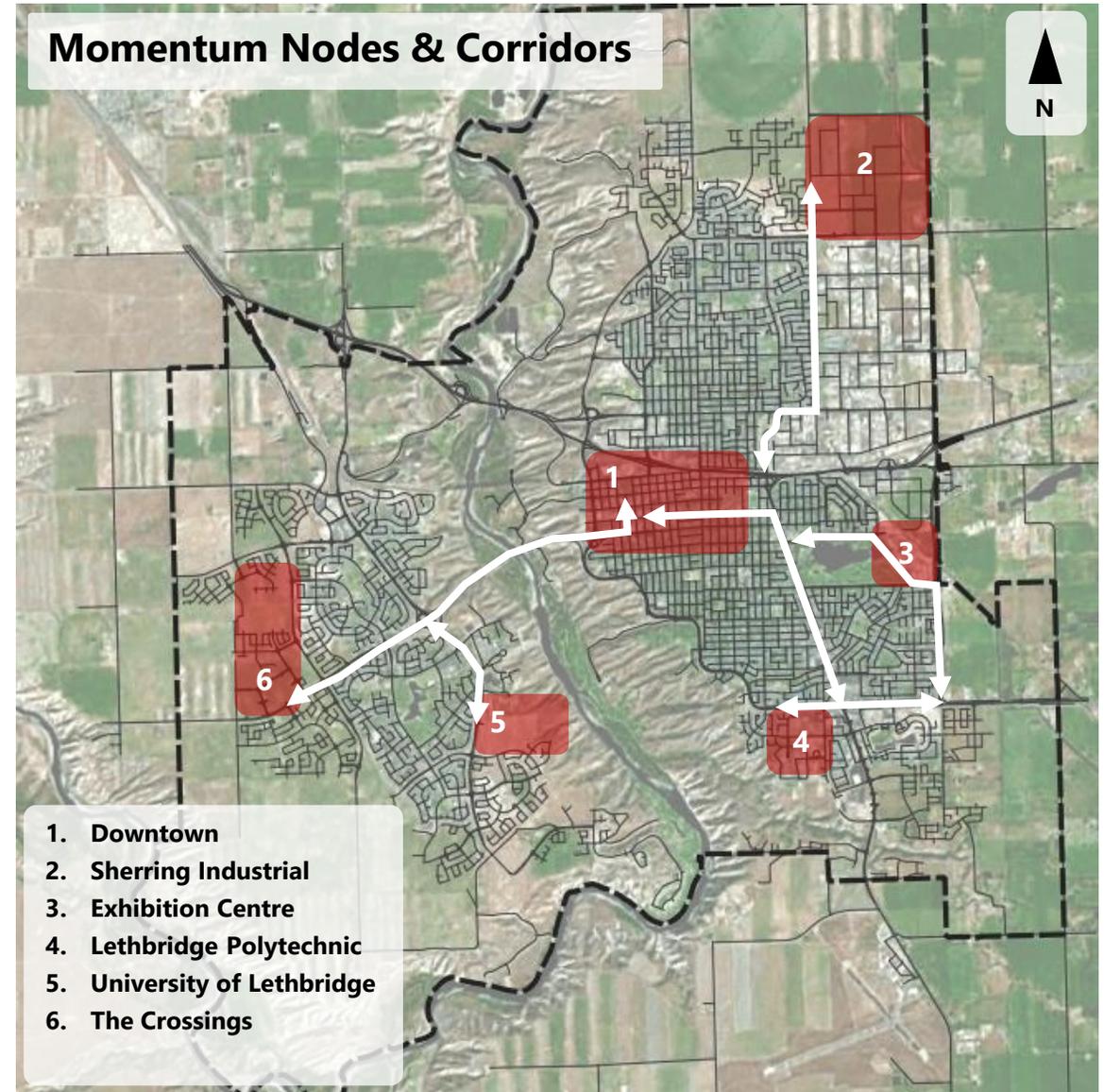
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Momentum Nodes & Corridors

The Momentum Nodes and Corridors framework identifies strategic locations across Lethbridge where growth and redevelopment efforts can deliver the greatest impact. These areas are already supported by key infrastructure, strong access, or existing concentrations of employment, education, and community activity. Focusing investment on these locations can help intensify land use, strengthen economic performance, and create more vibrant, connected districts. The current MDP (2021) and Efficient Land Use Strategy have goals and policies that support a momentum node and corridor framework.

Key Characteristics of the Momentum Nodes & Corridors Approach:

- Directs new development to areas with existing infrastructure capacity, reducing the cost of growth.
- Concentrates employment, commercial, and residential activity in accessible, high-visibility locations.
- Leverages existing destinations such as Downtown, post-secondary institutions, and major event venues to anchor surrounding development.
- Reinforces industrial nodes with improved connections to the broader road and logistics network.
- Aligns growth along corridors that can support enhanced public transit and active transportation.
- Encourages mixed-use and higher-density formats in targeted areas to promote economic diversity and vibrancy, as well as supporting key areas of housing need.



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Priority Development Opportunities

The following opportunities represent the most actionable, high-impact areas for near- to medium-term development in Lethbridge. Each **aligns with the market readiness and policy direction**, offering a strong return on effort and investment. They do not consider infrastructure readiness and availability; thus, this would be a much-needed additional step to identify the potential opportunity. These “priority opportunities” are considered the city’s low-hanging fruit—projects or areas where momentum already exists, market analysis demonstrates strong potential, and immediate progress can help catalyze broader economic growth.

Table 11.4 Priority Development Opportunities

Opportunity	City Location	Development Opportunity Type	Alignment With City Goals	Why This Matters
Multifamily Infill Development	City-wide	Rental apartments (4 to 6 stories), and rental townhomes/rowhomes.	Supports the City’s Housing Strategy and Municipal Development Plan objectives to diversify housing options, increase density in serviced areas, and promote efficient land use within existing neighbourhoods.	Encouraging multifamily infill strengthens housing affordability, optimizes existing infrastructure, and attracts a broader demographic mix; supporting both population growth and economic viability.
Manufacturing and Agri-business development in Sherring	Sherring Industrial Park	Single-tenant manufacturing and agri-business industrial, and modern multi-tenant high-bay flex industrial.	Advances the City’s Economic Development Strategy and Industrial Land Use objectives by supporting high-value manufacturing and agri-business growth within an established serviced park, taking advantage of existing infrastructure investments in Sherring and promoting the area as a regional manufacturing centre.	Attracting single-tenant manufacturers and modern multi-tenant high-bay flex users will expand the city’s export capacity, create quality jobs, and generate significant non-residential tax revenue, reinforcing manufacturing as a cornerstone of Lethbridge’s economy.
Lethbridge Polytechnic to Downtown to Sherring Corridor	South, Downtown, North	Mixed-use redevelopment, multifamily rental apartments (4 to 6 stories), student housing, employment and light industrial flex, medical office, institutional uses, infill retail and services.	Supports the City’s transportation, land use, and economic development objectives by establishing a primary north–south mobility spine that connects major employment and education anchors. This corridor leverages existing infrastructure and planned growth areas to promote higher-density and transit-oriented development along a consistent and reliable transit route.	Creating a continuous connection between Lethbridge Polytechnic, Downtown, and Sherring Industrial Park will strengthen workforce accessibility, reduce commuting barriers, and stimulate corridor-based investment that enhances the city’s economic cohesion and livability.

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Recommendations

Based on the comprehensive policy review, economic and real estate market analyses, and extensive stakeholder outreach, MXD has developed a series of recommendations to guide Lethbridge's next decade of growth across various asset classes. These recommendations are designed to ensure the city not only captures its full economic potential but also builds resilience in the face of shifting demographic, sectoral, and market dynamics.

The recommendations span ten focus areas, ranging from sector prioritization and workforce alignment to sequencing infrastructure investment, housing supply, data transparency, and performance monitoring. Together, they form an integrated framework that links land use, economic development, and implementation strategies. The intent is to provide the City of Lethbridge and EDL with actionable steps that balance immediate priorities with long-term vision, ensuring Lethbridge strengthens its role as Southern Alberta's economic hub and creates opportunities for residents, businesses, and future generations.



Recommendations

Summary Dashboard of Recommendations & Timing

Recommendation	Intent	Timing
Rank Economic Sectors by Net Benefit	Quantitatively compare projected GDP/job growth against enabling infrastructure needs to identify sectors with the strongest ROI.	Short Term – Can be completed early using available data and economic modelling.
Align High Priority Sectors with Funding and Incentives	Match top sectors with municipal incentives, provincial/federal programs, and innovative financing tools.	Medium Term – Requires coordination across governments and design of incentive programs.
Synchronize Workforce Development with Sector Needs	Partner with post-secondary institutions and training providers to co-design programs that align talent pipelines with priority industries.	Medium Term – Program development and forecasting can be initiated within a few years.
Work with Adjacent Jurisdictions to Create Fair Share Agreement with Province of Alberta	Form a Southern Alberta partnership to lobby for a Fair Share Agreement that funds infrastructure and corridor development.	Long Term – Requires provincial negotiations and inter-municipal alignment.
Concentrate Development at Momentum Nodes & Corridors	Prioritize infill and redevelopment in areas with infrastructure, transit, and market potential (Downtown, Polytechnic, U of L, industrial areas).	Long Term – Policy direction and land use prioritization can be advanced quickly; however, implementation will take significant time.
Expand and Align Infrastructure with Momentum Nodes and Corridors	Support high-value development areas with phased backbone utility and mobility investments.	Long Term – Requires capital planning, funding, and phasing tied to development.
Address Housing Typology Imbalances and Supply Gaps	Rebalance housing supply toward multifamily and affordable typologies through incentives, zoning, and land allocation.	Medium Term – Zoning reform and incentives will take several years to influence supply.
Publish an Integrated Implementation Roadmap	Lay out annual actions, milestones, and capital assumptions tied to the Growth Management Strategy.	Short Term – Can be drafted in parallel with the updated Growth Management Strategy.
Create a Unified Open Data Portal	Integrate real-time data on demographics, land, real estate, permits, and incentives into a single platform.	Medium Term – Securing funding, technical build-out and data integration require 2 to 3 years.
Embed Monitoring & Evaluation (M&E) Metrics	Track progress through a shared scorecard co-managed by City and EDL, with annual public reporting.	Short Term – Can launch early with basic KPIs and evolve over time.



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