

	YoY Chg	12-Mo. Forecast
7.4% Vacancy Rate	▼	▼
599K Net Abs. YTD, SF	▲	▬
\$9.26 Asking Rent, PSF	▲	▬

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
805K Calgary, AB Employment	▲	▲
10.0% Calgary, AB Unemployment Rate	▲	▼
7.5% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY: Wholesale & Retail Trade Bolstering Industrial Demand

Over the past 12 months, Calgary's economy has weathered the dual-impacts of the downturn of crude oil prices and the outbreak of the COVID-19 pandemic. However, in the year since, the city has started to register signs of modest recovery – particularly in the industrial sector. Manufacturing has added 4,500 net new jobs since March 2020 (a 12.5% increase year-over-year [YOY]), while wholesale and retail trade registered 200 net new jobs. Throughout the COVID-19 pandemic, construction remained an essential service and continued to gain employment – adding 700 net new jobs since March 2020. Major capital projects for the Ring Road and Cancer Centre, along with municipal works remained underway. While it will take some time for Calgary's economy to return to full capacity, signs of recovery in some sectors has signaled that the economy is on the mend.

DEMAND: Absorption Supported By Increased Demand Across Product Types

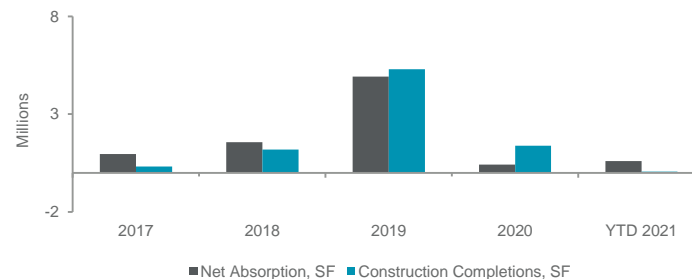
Maintaining the momentum from year-end 2020, the Calgary industrial market posted 598,963 square feet (sf) of positive absorption in the first quarter of 2021 – its highest since the third quarter of 2019. Large move-ins coupled with decreased levels of new supply eased the vacancy rate down 28 basis points (bps) quarter-over-quarter – closing the first quarter of 2021 at 7.4%. Notable tenants that took occupancy included: Aosom Canada (moving into 168,560 sf at High Plains Industrial Park), Electronics Recycling Association (128,051 sf at 3636 11A Street SE), and Fortress by William F. White Studios (109,100 sf at 6740 76th Avenue SE). Several 100,000-plus sf move-ins expected later this year will continue to support absorption of large-format distribution spaces. With the supply of large-bay inventory in decline and demand remaining strong, new speculative developments are expected to break ground near-term. These include Canal 108 by Enright Capital (286,950 sf), and Buildings Seven (409,360 sf) & Eight (185,000 sf) at High Plains Industrial Park by Highfield Investment Group.

While large-format product continued to drive the market, steady demand for small and mid-sized spaces resulted in robust leasing activity for the quarter. New leasing activity was up 39.2% YOY, with spaces under 40,000 sf making up 46% of the nearly 1.7 million square feet of first quarter leases. Activity in the owner-user market was also on the rise again, with the volume of sale transactions recorded in the first quarter of 2021 meeting that of the previous two quarters combined.

PRICING: Shifts in Available Inventory Continued to Increase Average Rents

Overall average net asking rents closed the first quarter of 2021 at \$9.26 per square foot (psf). The modest increase of \$0.18 psf from year-end 2020 continued the trend that resulted from a shifting product mix of available inventory. In the Northeast and Southeast markets, smaller format inventory commanding higher per-square-foot rents made up an increasing portion of vacant space. In the Central market, however, older warehouse product returned to the market was offered at a discount to compete with the feature-rich new supply, which led to a downward trend in average rents. Across the city, landlords who relied heavily on leasing incentives throughout 2020 to maintain face-value rents were able to start easing their free-rent offerings as market demand increased.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)*	OVERALL VACANCY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT**	OVERALL WEIGHTED AVG ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Northeast	48,669,376	4,465,258	9.2%	402,591	402,591	707,515	1,609,294	65,092	\$8.97	\$4.01	\$12.98
Southeast	61,060,885	4,207,680	6.9%	121,647	121,647	873,384	590,148	0	\$9.77	\$3.97	\$13.74
Central	22,295,584	1,135,218	5.1%	74,725	74,725	117,603	0	0	\$9.20	\$4.75	\$13.95
TOTAL	132,025,845	9,808,156	7.4%	598,963	598,963	1,698,502	2,199,442	65,092	\$9.26	\$4.08	\$13.34

*Cushman & Wakefield Revised Statistical Inventory at Mid-Year 2020

**Rental rates reflect direct net asking \$/psf/year weighted on vacant space

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6060 90 th Avenue SE	Southeast	General Mills Canada Corporation	356,331	Renewal*
High Plains – Building Three	Northeast	Conagra Brands Canada	240,800	Headlease
4100 Westwinds Drive NE	Northeast	Metro Canada Logistics Inc	162,250	Headlease
11550 Barlow Trail NE	Northeast	Metro Canada Logistics Inc	159,022	Headlease
2705 to 2737 57 th Avenue SE	Southeast	Goodwill Alberta	112,358	Headlease
6740 76 th Avenue SE	Southeast	William F. White International Inc	109,100	Headlease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4640 to 4888 72 nd Avenue SE	Southeast	Groupe Touchette Inc. / York Realty Inc	226,453	\$24,000,000 / \$106
203 58 th Avenue SE	Southeast	Weston Foods / Choice Properties REIT	95,974	\$5,600,000 / \$58
5616 80 th Avenue SE	Southeast	Tesco Corporation / William F. White Studios	87,743	Undisclosed
72 Technology Way SE	Southeast	Empire Properties Ltd / NorLand Limited	50,108	\$9,400,000 / \$188

KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Manning Heights – Building 1	Northeast	N/A	23,692	Telsec Developments Ltd
Manning Heights – Building 2	Northeast	N/A	12,150	Telsec Developments Ltd
Helms in Stonegate	Northeast	N/A	29,250	Alberta Commercial Group

SUMMER NEWMAN

Research Manager

+1 403 261 1132 / summer.newman@cushwake.com

ROSEMARY CARLSON

Sr. Research Analyst

+1 403 261 1167 / rosemary.carlson@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.