

	YoY Chg	12-Mo. Forecast
6.4% Vacancy Rate	▼	▲
2.1 M Net Abs. YTD, SF	▲	▼
\$9.41 Asking Rent, PSF	▲	▬

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
804K Calgary, AB Employment	▲	▲
9.2% Calgary, AB Unemployment Rate	▼	▼
7.8% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY: Steady Industrial Job Growth as Public Health Restrictions are Lifted

The strict public health measures implemented during the COVID-19 pandemic were gradually lifted in Alberta over the second quarter of 2021, leading to previously restricted services and operations across the economy reopening to full capacity on July 1st, 2021. Growing retail sales in Alberta, coupled with rising oil prices, positioned Calgary with an improved economic outlook at mid-year. In the industrial sector, Calgary employment returned to pre-pandemic levels following strong demand in construction, manufacturing, and wholesale/retail-trade, with a combined 20,200 net new jobs added during the second quarter.

SUPPLY: Vacancy Falls Amid Strong Demand and Tempered New Supply

Strong leasing activity carried over from the first quarter of 2021. A total of 4.6 million square feet (msf) in new transactions were registered over the first half of the year, with another eight new lease transactions over 100,000 square feet (sf) signed in the second quarter of 2021. Pent-up demand in the distribution and logistics sector led to a growing shortage of available large-bay supply. Notably, a confidential eCommerce tenant leased 224,073 sf at Hopewell's Crosspointe Industrial Park Building One, while Walmart Canada and Spartan Controls each leased spaces at One Properties' Stonegate Industrial Building B – transactions of 159,022 sf and 138,626 sf, respectively.

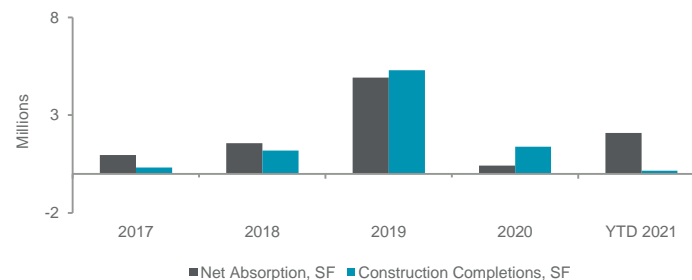
Absorption throughout the second quarter was driven by a diverse mix of tenants. In March 2021, the Alberta Government introduced further tax incentives for film and television productions in the province, leading to a flurry of activity as studios rushed to find space in the Calgary market. As those tenants took occupancy of their new spaces, absorption was bolstered in both the Northeast and Southeast markets. Overall net absorption in the second quarter registered 1.5 msf – over three times the 10-year average rate of 458,000 sf.

With restored demand, developers moved to break ground on new product after holding-off amid the economic uncertainty of 2020. However, with most projects not expected to deliver until 2022, the constrained flow of new speculative supply will continue to be felt in the near term. Of the 4.1 msf currently under construction, only 210,000 sf is speculative product set to deliver in 2021, and only 84,000 sf of that remained available at quarter-end. As a result of reduced supply, vacancy in the Calgary industrial market fell 100 basis points to 6.4% in the second quarter, posting the lowest rate since the fourth quarter of 2015.

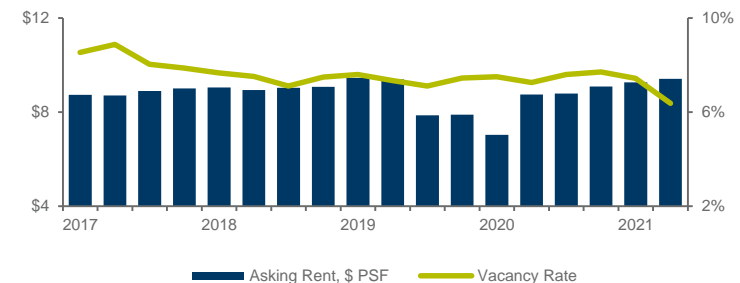
PRICING: Sharply Declining Large-Format Inventory Pushes Rents up

The number of existing available spaces in Calgary over 100,000 sf declined by approximately 60% over the first half of 2021. These large-format availabilities commanded lower per-square-foot rents, and their lease-up led to an appearance of increased average rents citywide. However, there was no indication that landlords were increasing face-value rents in response to market forces. The overall net average asking rent closed the quarter at \$9.41 per square foot, up 7.6% year-over-year.

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 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT**	OVERALL WEIGHTED AVG ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Northeast	48,763,595	4,070,947	8.3%	382,445	812,086	2,216,633	3,046,115	65,092	\$9.15	\$4.20	\$13.34
Southeast	61,589,760	3,443,438	5.6%	913,541	1,046,677	1,885,852	1,031,254	91,869	\$9.92	\$4.26	\$14.19
Central	22,443,131	938,600	4.2%	165,684	226,916	468,237	0	0	\$9.25	\$5.22	\$14.47
TOTAL	132,796,486	8,452,985	6.4%	1,461,670	2,085,679	4,570,722	4,077,369	156,961	\$9.41	\$4.32	\$13.74

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

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Crosspointe Industrial Park – Building One	Northeast	Confidential eCommerce	224,073	Headlease
Stonegate Industrial – Building B	Northeast	Walmart Canada	159,022	Headlease
5805 51st Street SE	Southeast	Xtreme Packaging	145,841	Headlease
Stonegate Industrial – Building B	Northeast	Spartan Controls	138,626	Headlease
Crosspointe Industrial Park – Building Two	Northeast	Groupe Robert Inc.	126,907	Headlease
4300 26 th Street NE	Northeast	Field Aviation Co Inc	110,944	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2015 Centre Avenue SE	Northeast	Hungerford Properties / 2116642 Alberta Ltd	110,585	\$8,290,000 / \$75
1616 Meridian Road NE	Northeast	Myshak Group / GEO Pressure Systems Inc	83,386	\$7,000,000 / \$84
3555 46 th Avenue SE	Southeast	Brandt Tractor / RJames Western Star Freightliner	33,670	\$6,990,000 / \$208
5020 12A 46 th Avenue SE	Southeast	Rosen Canada Inc / Calgary Inter-Faith Food Bank	25,376	\$4,000,000 / \$158

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Apex at Eastlake – Building B	Southeast	N/A	91,869	Beebie Development Corp

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