

YoY  
Chg

12-Mo.  
Forecast

**5.0%**

Vacancy Rate

**5.7M**

Net Abs. YTD, SF

**\$9.98**

Asking Rent, PSF



Overall, Net Asking Rent

#### ECONOMIC INDICATORS Q4 2021

YoY  
Chg

12-Mo.  
Forecast

**834K**Calgary, AB  
Employment**8.2%**Calgary, AB  
Unemployment Rate**5.9%**Canadian  
Unemployment Rate

Source: Statistics Canada

#### ECONOMY: Continued Industrial Job Growth Amid Labour Shortage

In the fourth quarter of 2021, the Alberta economy was bolstered by rising retail sales, steady oil prices, and a recovering GDP. In Calgary, the unemployment rate had recovered to 8.2% by year-end from the 10.5% estimated in December 2020 yet remained well above the Canadian average of 5.9%. Led by warehouse-using industries including construction and wholesale/retail trade, Calgary employment increased by approximately 13,500 jobs over the fourth quarter. However, supply chain constraints and labour shortages threatened continued growth and the Omicron variant of COVID-19 brought increased uncertainty heading into 2022.

#### DEMAND: Absorption and Leasing Activity Recorded at Record Levels

Demand for industrial space showed no sign of slowing by the end of 2021 with another 3.0 million square feet (msf) of new transactions recorded in the fourth quarter. Total leasing activity for the year registered a record-high 9.1 msf, surpassing the previous peak of 8.7 msf in 2014 and a 27.5% increase from 2020. Large-bay leasing continued to be the tightest market segment, while increased demand diminished supply market-wide. Notably, the number of sales transactions on small-bay industrial condominiums (under 10,000 square feet (sf)) were recorded in the second half of 2021 at approximately three times the level observed over the same period of 2020.

Supply failed to keep up with demand, and 1.8 msf of new net absorption in the fourth quarter brought the annual total to a record 5.7 msf. Large move-ins in the Northeast market contributed the bulk of fourth-quarter absorption, as tenants upgraded to new facilities in Balzac and Stonegate. Prominently, Lowe's Canada consolidated operations from existing warehouses in the Southeast to a new 1.2-msf built-to-suit facility at 111 Lowes Road.

The overall vacancy rate closed the year at 5.0%, decreased by 270 basis points year-over-year (YOY). The number of available vacant pockets 40,000 sf and over was reduced by 40% from year-end 2020, while pockets under 40,000 sf were reduced by 30%. With a shortage of vacant options in the market, future industrial developments received unprecedented levels of pre-leasing activity and developers continued to fund new projects. A total 8.0 msf of new industrial product was under construction at the end of 2021, with 4.0 msf breaking ground in the fourth quarter.

#### PRICING: Increased Construction Costs Passed On To Tenants

Overall weighted average net asking rents closed the fourth quarter of 2021 at \$9.98 per square foot (psf) – an increase of \$0.59 YOY. Asking rents on large-bay product recorded the largest increases, while rates on listings under 10,000 sf increased by an average of only \$0.06 YOY. New construction was offered at a premium due to increased demand for high-quality building specifications, high steel prices (up 134.5% YOY in the third quarter), and rising labour costs (a result of high job vacancy in the construction industry). These higher rates together with low vacancy rates and steady demand put upward pressure on rents across the market.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



# MARKETBEAT CALGARY, AB

## Industrial Q4 2021



### 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	50,394,208	3,072,335	6.1%	1,864,559	3,409,623	4,600,546	2,677,302	1,674,386	\$9.94	\$4.85	\$14.79
Southeast	62,253,903	2,999,186	4.8%	-192,907	1,895,826	3,601,661	5,301,187	511,459	\$10.35	\$4.66	\$15.01
Central	22,336,484	653,482	2.9%	162,863	442,876	872,556	0	0	\$8.91	\$5.34	\$14.25
<b>TOTAL</b>	<b>134,984,595</b>	<b>6,725,003</b>	<b>5.0%</b>	<b>1,834,515</b>	<b>5,748,325</b>	<b>9,074,763</b>	<b>7,978,489</b>	<b>2,185,845</b>	<b>\$9.98</b>	<b>\$4.83</b>	<b>\$14.81</b>

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

### KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
293026 Colonel Robertson Way	Northeast	Channel Control Merchants	233,405	New Lease
6575 68 <sup>th</sup> Avenue SE	Southeast	Purolator Inc	175,538	New Lease
5025 52 <sup>nd</sup> Avenue SE	Southeast	CGC Inc	141,500	Renewal
4026 90 <sup>th</sup> Avenue SE	Southeast	Cascades Canada ULC	129,800	New Lease
4300 50 <sup>th</sup> Avenue SE	Southeast	Knelsen Sand & Gravel Ltd	128,867	New Lease

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
111 Lowes Road	Northeast	Highfield Investment / Concert CREC Commercial	1,230,000	Undisclosed
4325 to 4333 46 <sup>th</sup> Avenue SE	Southeast	Engenium Chemicals / Camgil Development	71,224	\$15,250,000 / \$214
4440 78 <sup>th</sup> Avenue SE	Southeast	McKesson Canada / CWS Logistics Ltd	65,318	\$7,000,000 / \$107
6620 36 <sup>th</sup> Street SE	Southeast	Baker Hughes / Fidelity Machine & Mould Solutions	47,956	\$3,800,000 / \$79

### KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
111 Lowes Road	Northeast	Lowe's Companies Inc	1,230,000	Concert CREC Commercial Fund LP
261085 High Plains Boulevard	Northeast	CHEP Canada Inc	150,000	Highfield Investment Group

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