

YoY Chg      12-Mo. Forecast

**4.3%**

Vacancy Rate



**929K**

Net Abs. YTD, SF



**\$10.54**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q1 2022

YoY Chg      12-Mo. Forecast

**849K**

Calgary, AB Employment



**7.7%**

Calgary, AB Unemployment Rate



**5.3%**

Canadian Unemployment Rate



Source: Statistics Canada

### ECONOMY: Calgary Unemployment Rate Recovered to Pre-pandemic Level for First Time

Two years after plunging to record-low levels, geopolitical turmoil and supply shortages sent the price of oil soaring up 70% year-over-year in March 2022. The energy sector, which accounts for a quarter of Alberta's GDP, saw continued recovery and added 3,500 jobs to the Calgary labour force in the first quarter of 2022. Employment in the wholesale/retail trade sector increased by a net 12,200 jobs and the overall Calgary unemployment rate recovered to 7.7% — the lowest level recorded since January 2020.

### SUPPLY: Record Activity and Reduced Supply Further Tighten Industrial Market

Industrial space remained in high demand with a total 2.9 million square feet (msf) of new leasing activity recorded in the first quarter of 2022. This was a 65% increase year-over-year (YOY) and the highest level on record for first quarter activity. While fewer new leases for over 100,000 square feet (sf) were completed, the number of transactions 10,000 to 40,000 sf surged by 70% quarter-over-quarter. Hopewell Development booked the largest deal of the quarter at Interlink Logistics Park 1A — Winners will be moving into the 584,556-sf distribution centre in Balzac when it is completed later this year.

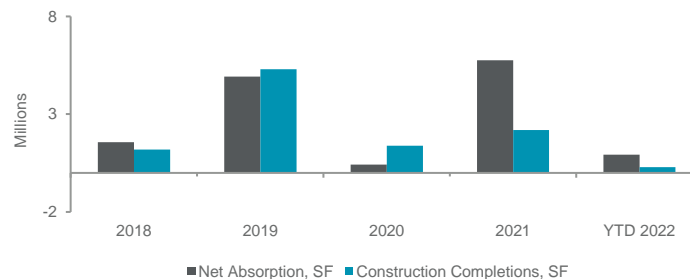
Net absorption registered 929,025 sf as tenants took occupancy city-wide. Notably, Quadreal's Nose Creek Building B was completed at just under 90% leased, adding 237,930 sf of distribution space to the Northeast. As a result, the overall vacancy rate decreased 70 basis points to 4.3%. The rapid decline from a peak of 7.7% at year-end 2020 represents the steepest plunge since 2006, a trend which showed no sign of slowing. Half the remaining vacant supply had been recently leased or conditionally leased by quarter-end and the six-month expectation for new vacant supply was simultaneously at a record low.

Unmet demand continued to put upward pressure on net asking rents which increased \$0.44 per square foot (psf) from year-end 2021 to \$10.54 psf. The greatest increase was in the Southeast market where large-bay tenants with few options available leased remaining older spaces. With the lower-priced inventory leased up, the average rate surged by \$1.00 psf to \$11.35 psf. While landlords in the large-bay market were negotiating longer terms with sharper escalations and scarce tenant improvement allowances, smaller tenants could still find opportunities for attractive terms and rent incentives.

### CAPITAL MARKETS: Calgary Market Offered Attractive Opportunities to Investors

With rising prices in Toronto and Vancouver, investors continued to turn to the Calgary market and sales activity proceeded at a rapid pace throughout the city. Some developers and REITs sought new opportunities with excess capital retained/gained through the COVID-19 pandemic. Those investors with smaller funds were motivated to buy condominiums and capitalize on low interest rates before anticipated increases. Industrial land was sold at a premium and a flurry of new construction projects were announced on both a built-to-suit and speculative basis. Delays in the supply chain were prolonging construction timeframes, and the flow of new supply was not expected to relieve acute shortages until well into 2023.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



Note: Some historical data has been revised from what was originally reported for improved accuracy

## 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	50,712,834	2,636,287	5.2%	570,909	570,909	1,277,214	2,412,300	237,930	\$10.02	\$4.91	\$14.92
Southeast	62,450,767	2,679,927	4.3%	254,795	254,795	1,378,169	5,368,615	47,660	\$11.35	\$5.16	\$16.51
Central	22,344,073	534,980	2.4%	103,321	103,321	263,477	0	0	\$10.34	\$5.66	\$16.00
<b>TOTAL</b>	<b>135,507,674</b>	<b>5,851,194</b>	<b>4.3%</b>	<b>929,025</b>	<b>929,025</b>	<b>2,918,860</b>	<b>7,780,915</b>	<b>285,590</b>	<b>\$10.54</b>	<b>\$5.09</b>	<b>\$15.63</b>

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

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
292190 Nose Creek Boulevard	Northeast	Winners	584,556	New Lease
10 Lowes Road	Northeast	Walmart Canada	430,000*	New Lease
5667 69 <sup>th</sup> Avenue SE	Southeast	McIntyre Group	169,257	New Lease
7504 30 <sup>th</sup> Street SE	Southeast	Confidential Tenant	138,518	Extension/Expansion
5625 61 <sup>st</sup> Avenue SE	Southeast	CWS Logistics	100,607	Renewal**

\* Recorded in Q4 2021 statistics

\*\* Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
401 to 403 33 <sup>rd</sup> Street NE	Northeast	Hungerford Properties / Clearview Industrial Fund	257,000	\$25,800,000 / \$100
4155 75 <sup>th</sup> Avenue SE	Southeast	Anthem United / APT Auto Parts	83,044	\$8,900,000 / \$107
3000 15 <sup>th</sup> Street NE	Northeast	Canfirst Capital Management / High Noon Investment	55,276	\$10,100,000 / \$182
3526 26 <sup>th</sup> Street NE	Northeast	Cansel Real Estate Holdings Inc. / MDG Computers Canada Inc.	53,245	\$5,400,000 / \$101

## KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
293029 James Jones Way	Northeast	Fenix Outdoor Canada Imports Inc. / Bolt Supply House Ltd.	237,930	QuadReal Property Group Limited
4767 27 <sup>th</sup> Street SE (Expansion)	Southeast	Conestoga Cold Storage	30,000	Conestoga Franchise Services Limited

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