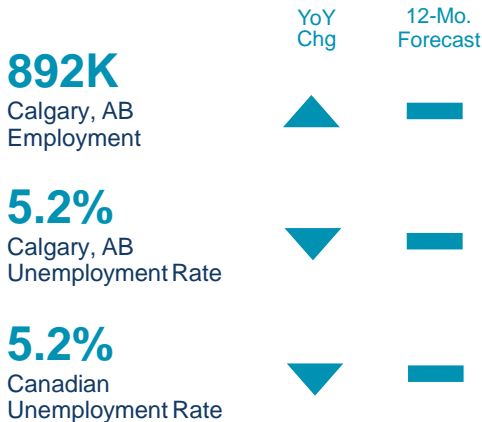


Overall, Direct Net Asking Rent

ECONOMIC INDICATORS Q3 2022



Source: Statistics Canada

ECONOMY: Inflation in Calgary Eased But Remained Elevated at 6.8% Following Interest Rate Hikes

While fewer business owners reported disruptive supply-chain backlogs and labour shortages in the third quarter of 2022, rising interest rates and sustained inflation fostered economic uncertainty in Calgary. The increased cost of both goods and capital forced some businesses to cancel planned real estate transactions over the summer and re-strategize their operations. Economic growth was expected to slow but remained positive in Alberta, with the provincial GDP projected to increase 0.5% over the third quarter of 2022. In Calgary, the labour market likewise experienced slowing but positive net growth with warehouse-using sectors adding approximately 11,000 total jobs to the labour force from June 2022 to September 2022.

SUPPLY: New Speculative Construction Delivered 80% Pre-leased

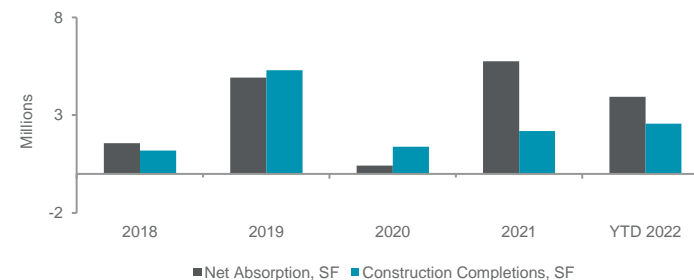
There was no relief for the squeezed large-scale distribution sector in the third quarter of 2022 as pent-up demand for logistics space remained unmet by new supply. As the few remaining available options over 100,000 square feet (sf) were leased, some prospective tenants revised expectations. A surge of new transactions between 70,000 to 100,000 sf left only one available option on the market able to accommodate a tenant requiring over 60,000 sf of contiguous space. New transactions under 40,000 sf declined, however, as prospective tenants for small and mid-sized bays considered multiple options. Freestanding industrial buildings of all sizes remained in high demand. Overall, the Calgary industrial market registered over 2.2 million square feet (msf) of new leasing activity in the third quarter, totaling 7.5 msf year-to-date.

Net new absorption registered 1.3 msf overall for the quarter as tenants took occupancy of newly constructed space in the Northeast market. The total 1.1 msf of speculative new inventory delivered was approximately 80% pre-leased overall, while construction continued on another 4.0 msf of speculative projects city-wide. The overall vacancy rate declined a further 20 basis points (bps) to 3.7%, but with developers quickly breaking ground, the previously plunging future availability rate held fast at 4.0%. Future availability, which includes all space anticipated to become available within 6 months, had been steadily in decline since peaking at 9.6% in Q4 2020.

PRICING: Net Rental Rates Increased, Remained Well Below National Average

The rising cost of construction was front of mind for both landlords and tenants over the summer, while reconciling the 15 to 20% price increases against development budgets and required tenant improvements. When returning to the negotiating table to renew expiring leases, some tenants faced net rents increasing by 10 to 20% from their previous contract, steeper escalations, and limited incentives. Net asking rent was \$11.05 per square foot (psf) on average at the close of the quarter, up 17.5% from \$9.40 psf a year prior. While the rate is a new record high for Calgary, rents remained highly competitive relative to other major markets — average net rent exceeded \$21.00 psf in Vancouver and \$15.00 psf in Toronto, while averaging overall at \$14.84 psf Canada-wide.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & DIRECT 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	52,548,308	2,163,077	4.1%	1,151,462	2,632,550	3,388,723	3,186,669	1,840,051	\$10.60	\$5.24	\$15.84
Southeast	63,277,710	2,332,390	3.7%	280,719	1,236,604	3,283,641	5,232,853	727,138	\$11.84	\$4.92	\$16.76
Central	22,229,536	564,725	2.5%	-102,081	62,160	779,003	0	0	\$10.64	\$5.22	\$15.86
TOTAL	138,055,554	5,060,192	3.7%	1,330,100	3,931,314	7,451,367	8,419,522	2,567,189	\$11.05	\$5.13	\$16.18

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
High Plains Industrial Park – Building 11	Northeast	MOBIS Parts Canada Corporation	209,461	New Lease
Oxford Airport Business Park – Building F	Northeast	Parts Canada Development Corporation	184,275	New Lease
Oxford Airport Business Park – Building G	Northeast	Wesco Distribution Canada Inc.	183,275	New Lease
3501 54th Avenue SE	Southeast	ShawCor Ltd.	141,628	Renewal*
Foothills North Industrial - Building 2	Southeast	Metrie Canada Ltd.	128,131	Renewal*

* Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
16 Buildings (8 Calgary, 8 Edmonton)	Southeast	Triovest Realty Advisors Inc. / Skyline Industrial REIT	2,000,000	\$309,250,000
3 Buildings	NE/SE	The Mancal Group / Anthem Properties Group Limited	443,463	\$76,100,000 / \$172
Skyline Industrial Park Portfolio	Northeast	Choice Properties REIT / ONE Properties Skyline GP Inc.	348,925	\$45,000,000 / \$129
32 nd Avenue Business Centre	Northeast	NAI Advent / Trivan Capital Corporation	162,863	\$29,950,000 / \$184

KEY CONSTRUCTION COMPLETIONS Q3 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Interlink Logistics Park – Building 1A	Northeast	Winners	584,556	Hopewell Development
20 High Plains Trail	Northeast	PEAK	178,734	Highfield Investment Group
Airport Crossing – Building 5	Northeast	Steelhaus Technologies Inc.	172,150	Enright Capital Ltd.
Canal 108 – Building 1	Southeast	N/A	155,600	Enright Capital Ltd.

ROSEMARY CARLSON

Research Manager

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

DAVID VAN BASSELAERE

Research Analyst

+1 403 261 1169 /david.vanbasselaere@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 2021, the firm had revenue of \$9.4 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.

©2022 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.