

YoY
Chg

12-Mo.
Forecast

2.7%

Vacancy Rate

**4.2M**

Net Abs. YTD, SF

**\$10.82**

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2023

YoY
Chg

12-Mo.
Forecast

912KCalgary, AB
Employment**6.3%**Calgary, AB
Unemployment Rate**5.4%**Canadian
Unemployment Rate

Source: Statistics Canada

ECONOMY: Positive Outlook for Calgary Economy, Warehouse-Using Industries Add Jobs

Steady commodity prices and strong population growth continued to support the Calgary economy in the second quarter of 2023. Job vacancies declined and overall employment reached an all-time high of 911,900 in June. The construction and manufacturing sectors led job growth in the second quarter with 19,400 and 11,700 jobs added, respectively. Meanwhile, inflation was down to 3.5% in May 2023 and the City of Calgary projected annual GDP growth at 2.6% in the Spring 2023 Economic Outlook.

DEMAND: Market Conditions Begin to Balance as Pent-Up Industrial Demand Resolves

Absorption was up 60% year-over-year (YOY) in the Calgary industrial market, with a record-high 4.2 million square feet (msf) registered year-to-date (YTD). This was driven by exceptionally strong leasing activity in 2022 and the delivery of 3.2 msf of occupied new supply in the first half of the year. Overall vacancy dropped marginally to stay at 2.7%, indicating the first shift towards a balanced market since the end of 2020.

New leasing activity (YTD) was down approximately 36% from 2022 and below the 10-year average, as the pent-up demand following the COVID-19 pandemic appeared to be resolving. Pre-leasing for new construction remained active in the second quarter and well above historical averages, despite slowing from the record-high levels seen in the fourth quarter of 2022. With a record 6.3 msf in speculative options under construction at mid-year, prospective tenants were less likely to be impacted by supply constraints.

Signs of relief for the acutely squeezed large-bay sector began to emerge and the composition of available vacant space shifted in the second quarter. Prospective tenants looking for 70,000+ square feet could consider at least nine immediately available options at mid-year, compared to two at the end of 2022. With decreased overall vacancy, landlords were able to hold firm on rates for existing inventory while pushing up asking rents for new supply. However, with new lower-rent large-bay space available, the market average registered an apparent drop in the second quarter for the first time since 2020. The average for net asking rent on all vacant space closed the quarter at \$10.82 per square foot, up \$0.20 YOY.

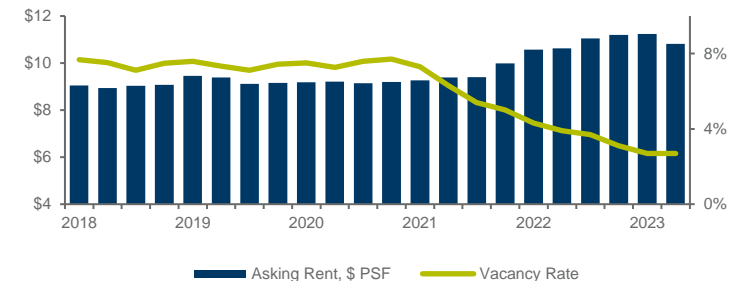
CONSTRUCTION: Development Remained Active as More Proposed Projects Announced

Construction activity picked up in the spring as 2.8 msf in new construction projects broke ground and 1.1 msf was completed. In total, 8.1 msf of industrial supply was under construction at the end of the quarter, all of which was expected to deliver by the end of 2024. Since mid-year 2021, new development in Calgary had increased overall industrial inventory by nearly 10% city-wide, with a total 6.1 msf newly constructed in the Southeast market and 5.1 msf in the Northeast. Several more proposed projects were announced in the second quarter, further expanding the potential construction pipeline and indicating developers' readiness to meet demand in the coming years.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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

MARKETBEAT CALGARY, AB

Industrial Q2 2023



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	54,277,049	1,708,045	3.1%	801,651	1,676,125	1,948,114	4,895,067	1,554,920	\$10.83	\$4.93	\$15.76
Southeast	68,632,608	1,646,008	2.4%	311,050	2,432,479	1,075,956	3,180,916	2,113,597	\$11.17	\$4.51	\$15.68
Central	22,450,546	528,762	2.4%	-84,354	51,020	318,176	0	0	\$9.78	\$4.34	\$14.12
TOTAL	145,360,350	3,882,815	2.7%	1,030,347	4,159,624	3,342,246	8,075,983	3,668,517	\$10.82	\$4.62	\$15.44

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

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
Nose Creek Business Park – Building G	Northeast	XTL Transport Inc.	474,060	New Lease
Crosspointe North	Northeast	Medline Industries	160,122	New Lease
HUB Logistics Centre – Building 1	Northeast	Master Group Inc.	147,840	New Lease
4100 106 th Avenue SE	Southeast	Falkbuilt Ltd.	88,194	Renewal
Starfield Logistics Centre – Building 1	Southeast	Rosedale Transport Ltd.	62,919	Renewal

* Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Foothills North Portfolio	Northeast	bclMC Realty Corporation / Slate Asset Management	662,510	\$61,250,000 / \$99
261090 Wagon Wheel View	Northeast	Ultrafab Industries Ltd. / BHJ Canada Meat Products Inc.	148,831	\$19,000,000 / \$128
235075 Ryan Road SE	Southeast	Divine Hardwood Flooring Ltd. / PK Sound	50,891	\$7,250,000 / \$142
240136 Frontier Crescent SE	Southeast	RJames Management Group Ltd. / Axis Projects	17,073	\$3,700,000 / \$217

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
High Plains Industrial Park – Building 10	Northeast	DSV Global	414,120	Highfield Investment Group Inc.
High Plains Industrial Park – Building 11	Northeast	Mobis Parts Canada Corp.	322,190	Highfield Investment Group Inc.
Crosspointe North	Northeast	Medline Industries	160,122	Hopewell Development Corp.
Park 72	Southeast	Multi-tenant	103,535	Enright Capital Ltd.

ROSEMARY MASON

Research Manager

+1 403 261 1167 /rosemary.mason@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 commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2023 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.