

YoY Chg 12-Mo. Forecast

4.8%

Vacancy Rate



2.5M

Net Abs. YTD, SF



\$10.92

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

YoY Chg 12-Mo. Forecast

940K

Calgary, AB Employment



8.5%

Calgary, AB Unemployment Rate



6.4%

Canadian Unemployment Rate



Source: Statistics Canada

ECONOMY: Recession Concerns Fade for Albertans as Economic Growth Opportunities Emerge

The skies looked a little brighter, at least for Albertans, following two notable announcements in the second quarter. Chiefly was the completion of the Trans Mountain Pipeline Expansion on May 1st, increasing pipeline capacity from 300,000 to 890,000 barrels per day and creating new opportunities for Alberta oil & gas companies to increase their production. Secondly was the announcement from the Bank of Canada which lowered the overnight rate by 25 basis points (bps) to 4.75%—the first drop since steady increases began from 0.25% in March 2022; despite inflation remaining above the targeted goal of 2.0%. Meanwhile Statistics Canada also released its latest population growth projections. In the most cited growth scenario (M2), Alberta could add up to 2.6 million residents between 2023 and 2048, a 56.0% increase that would account for 23.6% of Canada's overall projected growth in that time. While this shows the appeal of Alberta, time will tell whether such explosive growth will stimulate the economy or lead to higher unemployment.

DEMAND: Construction Pipeline Slows as Industrial Market Conditions Become Less Favorable

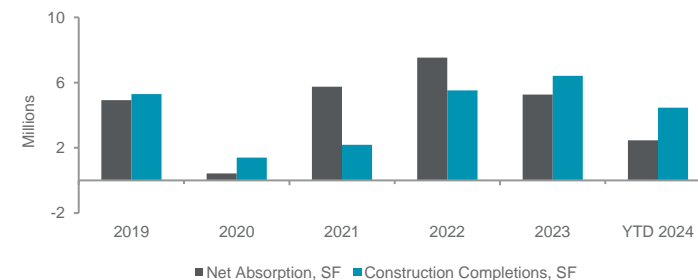
Following record new supply in the first quarter, deliveries slowed in the second quarter as only 479,425 square feet (sf) of new product was delivered. The construction pipeline remained healthy, with over 3.2 million square feet (msf) under construction, but new construction starts slowed. A total 2.7 msf of was expected to deliver by the end of 2024, and only 556,764 sf expected in 2025. While several large proposed projects, such as 68th Street Logistics Park, Stoney North Logistics Park and Citylink Logistics Centre, were ready to break ground, developers now appear to be waiting to commence construction.

Overall vacancy increased for the fourth consecutive quarter to 4.8%, a 40 bps rise quarter-over-quarter (QOQ). Overall net absorption was recorded in the negative for the first time since the third quarter of 2020. As larger tenants completed relocations started in the previous quarter, while relatively low positive absorption was contributed from new supply, absorption decreased to negative 200,107 sf. Leasing activity remained strong, outperforming the prior quarter by almost 40% and rising 18.7% year-over-year. The primary activity driver was mid-sized users, with approximately 45% of leasing activity occurring in spaces between 10,000 to 40,000 sf, followed by just over 22% of leasing activity coming from transactions over 100,000 sf.

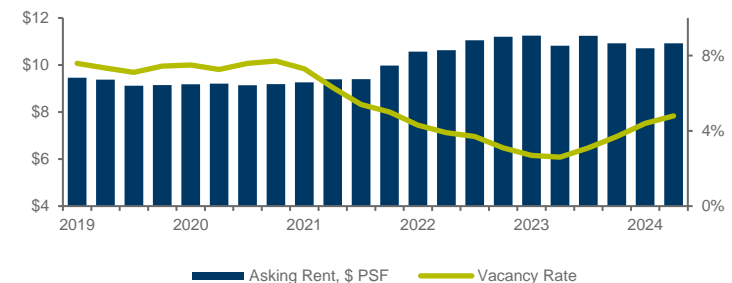
PRICING: As Industrial Vacancy Increases, Overall Prices Remain Steady

As vacancy rose across almost all size segments in the second quarter, pricing trends lagged in small to mid-sized vacancies. While large bay vacancy (100,000+ sf) rental rates dropped \$0.48 per square foot (psf) QOQ in accordance with increasing vacancy, rental rates in all segments below 70,000 sf increased between \$0.36 psf to \$0.74 psf. While the interest rate reduction was welcomed, it did not appear to translate directly to an increase in transactions. Even as the capital gains inclusion rate rise deadline approached, increasing from 50% to 66%, only a slight increase in transactions were noted.

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	59,544,423	3,559,311	6.0%	52,413	1,921,984	1,185,281	2,432,613	3,079,057	\$10.98	\$4.17	\$15.15
Southeast	72,811,518	3,315,731	4.6%	-234,394	361,383	2,039,662	821,158	1,285,573	\$10.68	\$3.97	\$14.65
Central	22,790,664	582,591	2.6%	-18,126	176,411	321,831	0	95,000	\$11.60	\$5.90	\$17.50
TOTAL	155,146,605	7,457,633	4.8%	-200,107	2,459,778	3,546,774	3,253,771	4,459,630	\$10.92	\$4.21	\$15.13

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

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
South Foothills Industrial Park – Building 1	Southeast	General Mills Corporation	356,331	Renewal
Citylink Logistics Centre – Building 1	Southeast	Scott Springfield Manufacturing. Inc.	251,730	New Lease
401 to 403 33 rd Street NE	Northeast	Calgary Central Sportsplex	115,000	Renewal*/Expansion
iPort Starfield – Building 4	Southeast	CoolIT Systems Inc.	110,250	New Lease
Stonegate Industrial – Building A	Northeast	Star Produce Ltd.	106,013	Renewal

* Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3111 Shepard Place SE	Southeast	Gilfor Distribution Inc. / ATCO Group	107,545	\$15,500,000 / \$144
292177 Crosspointe Road	Northeast	Skyline Commercial REIT / Brandt	71,980	\$12,064,602 / \$159
2915 19 th Street NE	Northeast	New Method Interiors Ltd / Marpal Developments Ltd.	32,707	\$3,150,000 / \$96

KEY CONSTRUCTION COMPLETIONS Q2 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
828 46 th Avenue SE	Southeast	Engineered Air	95,000	EDON
FIVE66 – Building C	Northeast	Multi-tenant	83,132	Beedie Development Corp.
FIVE66 – Building D	Northeast	Multi-tenant	67,702	Beedie Development Corp.
Heatherglen Condominiums – Building 1	Southeast	Vacant	67,139	Romdev Ltd.

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