



MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.8% Vacancy Rate	▲	▼
3.9M YTD Net Absorption, SF	▼	▼
\$10.79 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
997.8K Calgary Employment	▲	▲
7.8% Calgary Unemployment Rate	▲	▼
6.7% Canada Unemployment Rate	▲	▬

Source: Statistics Canada

ECONOMY:

The unemployment rate for the Calgary Metropolitan Region (CMR) increased by 40 basis points (bps) to 7.9% at year-end 2024. Despite this, total employment rose by approximately 34,500 jobs year-over-year (YOY). On average, 2,800 new positions were added monthly in the top industrial using sectors over the past two quarters, compared to the same period in 2023.

The manufacturing sector recorded the most employment gains, adding on average 8,400 jobs a month, while the transportation & warehousing sector reported a decline, shedding approximately 1,100 jobs monthly since Q3 2024. Compounding economic and geopolitical factors contributed to a mixed economic outlook at year-end 2024, with implications for industrial occupiers across all segments of the market. Chiefly among them, the 25% tariffs proposed by the in-coming 2025 U.S. administration. It remains to be seen how industrial tenants in the market will respond, and whether job growth continues in 2025.

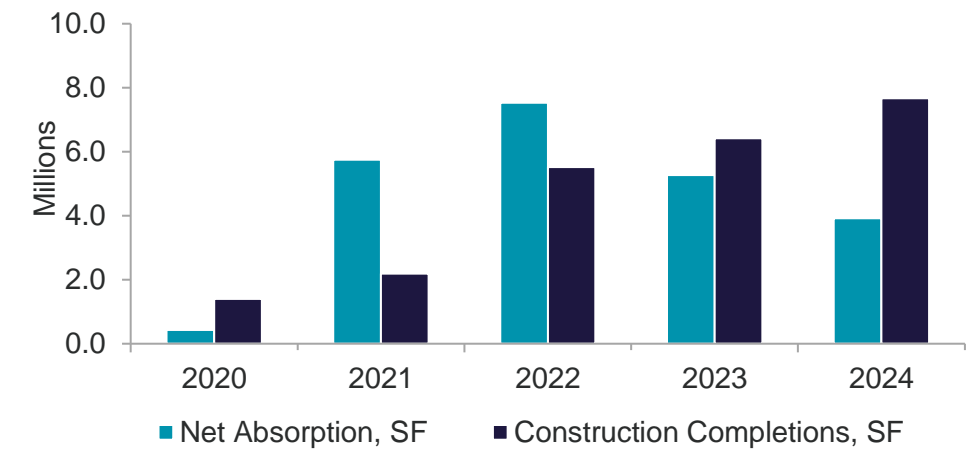
Sources: City of Calgary, Statistics Canada, TD Bank

OVERALL CALGARY INDUSTRIAL MARKET:

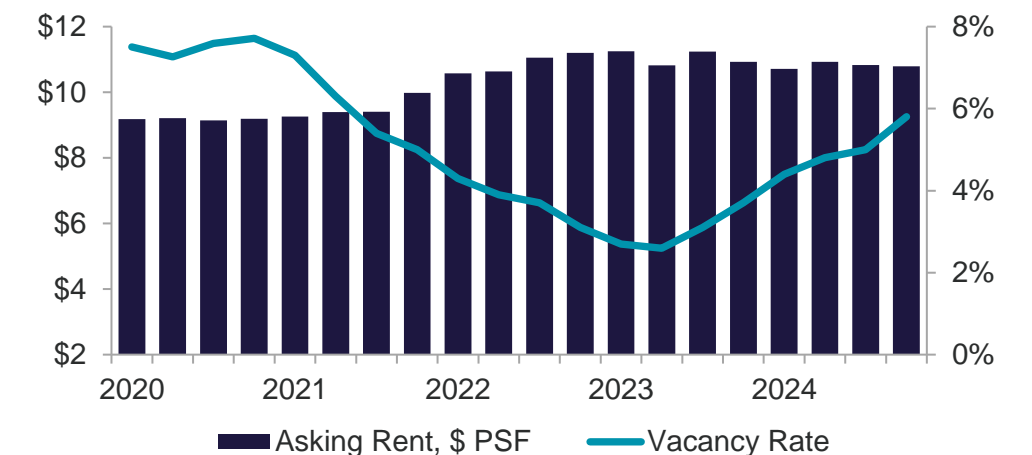
The overall average net asking rate in the Calgary industrial market fell by \$0.13 per square foot (psf) YOY, down from \$10.92 psf at year-end 2023. While the Central & Southeast markets recorded slight quarterly rent growth, at 1.2% & 0.6% respectively, the Northeast market average net rate declined by 4.0% YOY. Calgary's overall industrial vacancy rate continued its six-quarter climb, up 80 bps from last quarter to 5.8% at year-end 2024. Central market vacancy dropped by 10 bps to 2.7%, while the Suburban markets reported a 90 bps increase in vacancy to reach a combined 6.3% quarter-over-quarter (QOQ).

Overall market headlease vacancy increased by 1.1 million square feet (msf), while sublease vacancy remained relatively stable, increasing by 51k square feet (sf) QOQ. The fourth quarter of 2024 netted the most quarterly industrial leasing activity since Q4 2021, with 1.7 msf of mixed-bay space secured by active tenants before year-end. Quarterly records aside, overall leasing activity in the Calgary industrial market in 2024 declined slightly by 85k sf from the annual 2023 total of 7.5 msf. Tenants in the market favoured bay-sizes in the small to mid-ranges, where leasing activity increased by 942k sf & 750k sf YOY, up from 2.1 msf & 552k sf at year-end 2023.

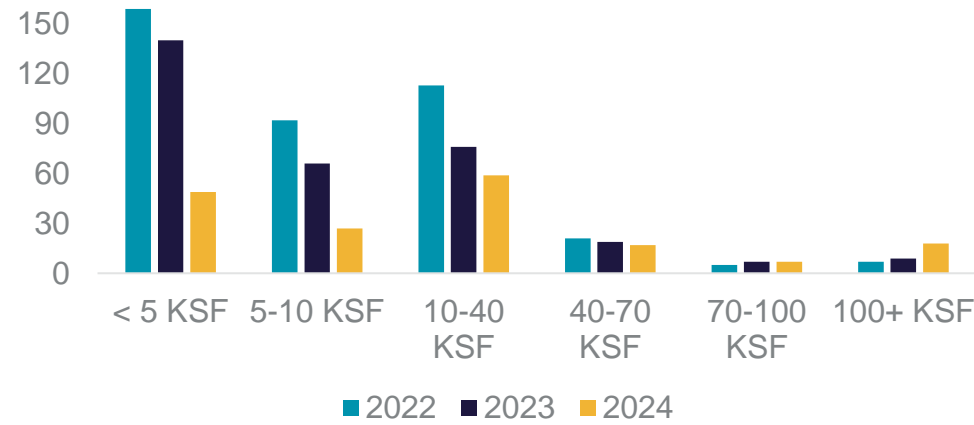
SPACE DEMAND / DELIVERIES



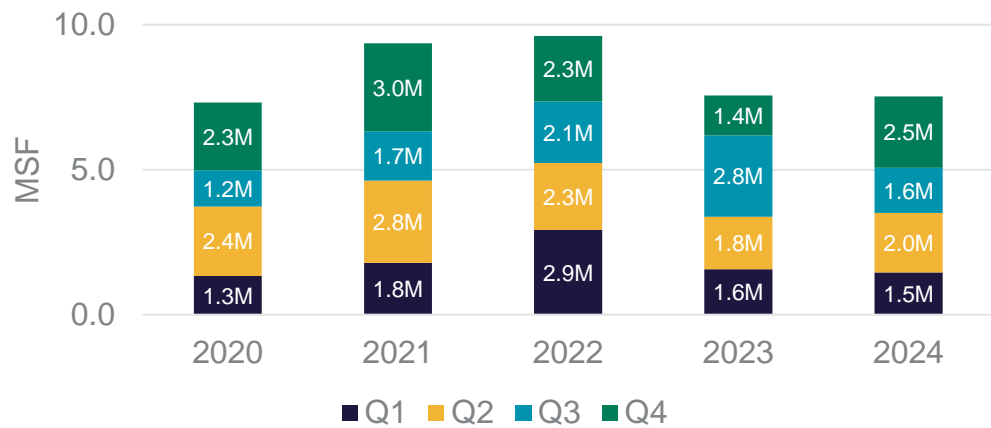
OVERALL VACANCY & ASKING RENT



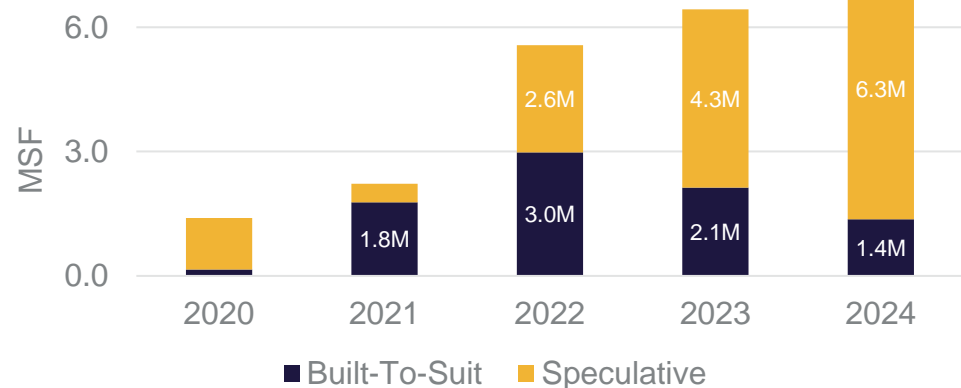
VACANT SPACE BY BAY SIZE (# OF OPTIONS)



INDUSTRIAL LEASING BY QUARTER (MSF)



CONSTRUCTION COMPLETIONS BY TYPE



SUPPLY & DEMAND: Vacancy Rate Increase Amid Construction Cycle Wind Down

A rebalancing of supply across all market segments has persisted since June 2023 after vacancy reached a 16-year low of 2.6%. As new supply has continued to contract quarterly, with the construction cycle wind down in full swing, the Calgary overall market reported an 883k-sf decrease QOQ in new supply brought online. Additionally, roughly 60% of construction was delivered unoccupied, further contributing to an overall vacancy rate increase. The Northeast market reported a 33.8% increase in vacant space for lease QOQ, totaling 4.2 msf in Q4 2024. Roughly half of the vacant space added in Q4 2024 were small to mid-sized bays, with only three availabilities brought online over 50k sf.

Despite an ongoing supply shift in the Calgary industrial market, highlighted by a contraction in new supply and increased speculative builds being delivered unoccupied, demand for space did not slow in the fourth quarter. The overall market reported the highest level of quarterly leasing since December 2021, at just over 2.4 msf secured by tenants before year-end. A significant contributor to record leasing activity was an approximate 652k-sf deal, closed at the beginning of December in the Northeast market for a confidential tenant engaged in 3PL. Outside of single large occupiers, leasing activity was predominately constrained to the small to mid-sized bay segment, with 84 deals totaling 482k sf closed in the 1,000 – 20,000-sf range in the fourth quarter.

City-wide overall absorption was recorded at 87k sf net negative, a considerable change from the 1.5 msf of net positive absorption netted in Q3 2024. A significant decrease in tenants moving into previously secured or preleased space in the Northeast market, shedding of excess space by tenants upon reaching lease term, and the delivery of buildings not fully occupied in the Southeast market factored heavily in flipping net absorption negative in the fourth quarter.

PRICING: Slight Rate Slump Hit Markets As Vacancy Increased

Average overall asking rates dipped marginally in the fourth quarter to \$10.79 psf, where all submarkets except the Northeast reported a slight decline in average net asking rates QOQ. Largely due to market recalibration after record-level construction completions totaling 4.0 msf at year-end 2023, a correlated increase in overall vacancy YOY has applied minor downward pressure on rent growth for the Calgary industrial market in 2024. Regardless, demand remained strong across all segments of the market, as increased leasing activity in the fourth quarter had landlords able to dictate fair market rates. As the new year is set to open with a slowed construction pipeline, and with limited sublease availabilities brought to market this past quarter, tenants facing lease term expiries are likely to meet higher asking rates than in previous quarters.

OUTLOOK

- Rent growth decelerated heading into the new year, as the Calgary industrial market entered a period of stabilization, with construction and market activity slowing at year-end. With shrinking new supply in the construction pipeline and continued interest from tenant-occupiers, rent growth will likely rebound slightly in the near-to-mid-term.
- In 2024 job growth in the manufacturing sector outpaced all other industrial occupier sectors in the Calgary Economic Region. Labour market gains in this segment will likely translate into sustained market activity as manufacturing tenants look to right-size operations.
- Geopolitical pressure points, by way of proposed tariffs from the incoming U.S. administration, and possible counter-action by the Canadian Federal Government may impact business growth in 2025 for industrial users, as cost to export and source product may increase. Industrial tenants most likely to be affected by imposed tariffs may contract operations to weather the worst of the trade conflict.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (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	61,915,265	4,659,142	7.5%	197,617	3,209,760	3,475,830	853,010	5,466,664	\$10.73	\$4.03	\$14.76
Southeast	73,289,177	3,889,483	5.3%	-306,194	560,360	3,266,356	374,090	2,109,772	\$10.77	\$4.22	\$14.99
Central	22,765,743	612,387	2.7%	20,682	146,615	703,224	0	95,000	\$11.38	\$5.25	\$16.63
CALGARY TOTALS	157,970,185	9,161,012	5.8%	-87,895	3,916,735	7,445,410	1,227,100	7,671,436	\$10.79	\$4.19	\$14.98

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
Interlink Logistics Park – Building 2B	Northeast	Confidential	651,938	Headlease
South Calgary Distribution Centre – Building 1	Northeast	Undisclosed	498,618	Sublease
Cross Iron Distribution Centre – Building 2	Northeast	Pet Valu	295,796	Headlease
Nose Creek Business Park – Building H	Northeast	Scott's Canada Ltd.	120,392	Headlease
Oxford Airport Business Park – Building F	Northeast	Anixter Canda Inc.	99,193	Renewal

*Renewals not included in leasing statistics

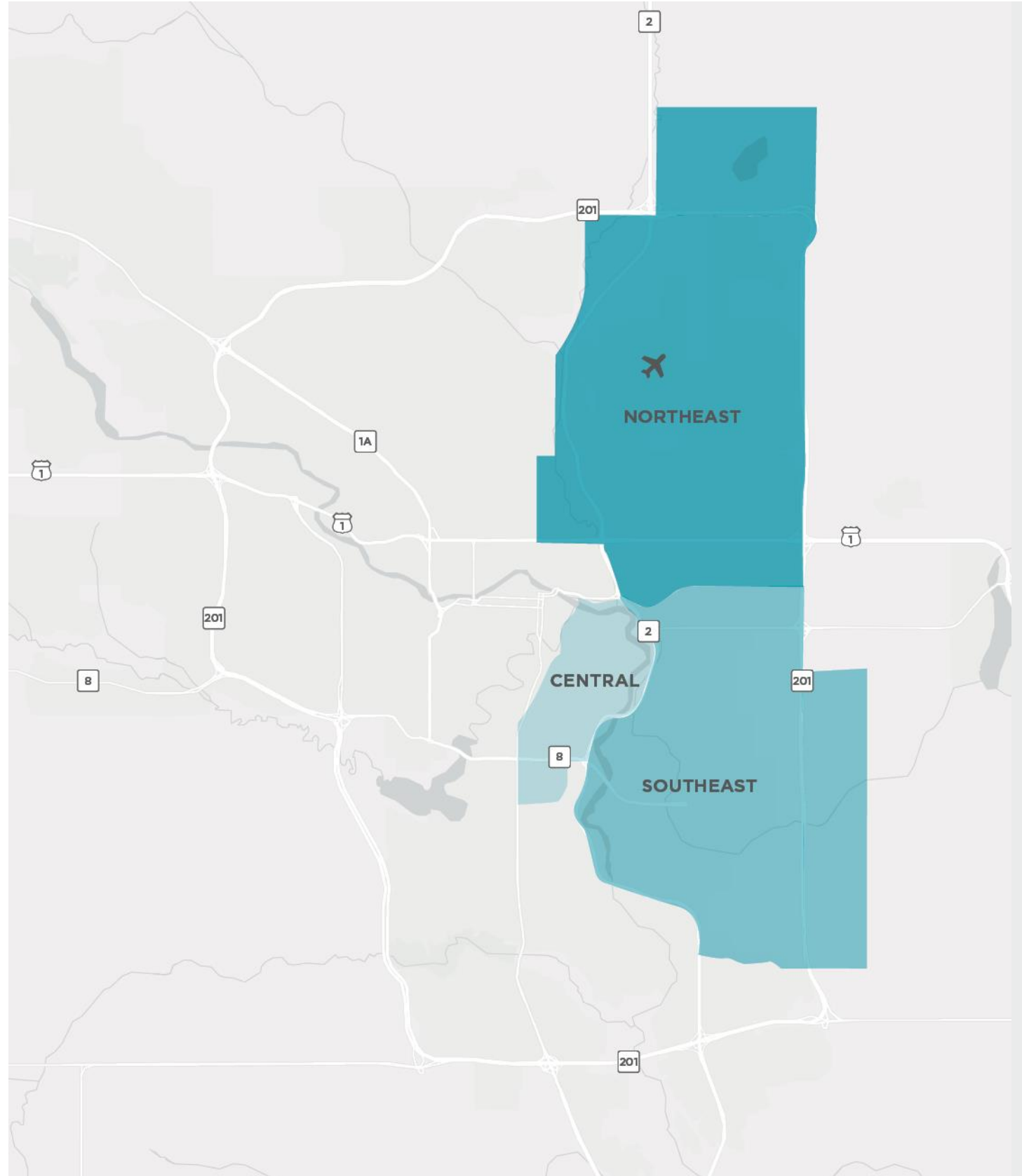
KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Shepard Industrial Park	Southeast	Sun Life Financial / West 18th Street Enterprise	114,002	\$16.2M / \$141
4216 12 th Street NE	Northeast	Eurostyle Manufacturing & Construction / The Baron	46,500	\$6.6M / \$142
1315 to 1327 Hastings Crescent SE	Southeast	Clanrob Resources Inc. / 2635478 Alberta Ltd.	30,500	\$3.9M / \$128
FIVE66, Units 115-116 – Building B	Northeast	Beedie Development Corp. / Power Battery Sales Ltd.	25,878	\$5.5M / \$214
FIVE66, Units 124 – Building A	Northeast	Beedie Development Corp. / Bjornson Holdings Ltd.	14,988	\$3.8M / \$254

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Citylink Logistics Centre – Building 2	Southeast	Metro Logistics	543,398	Hopewell Development / Emcor
Interlink Logistics Park – Building 2A	Northeast	Campbell Soup Company	534,148	Hopewell Development
30 High Plains Trail	Northeast	Calgary Logistics Ltd.	486,001	Highfield Investment Group Inc.
Nose Creek Business Park – Building G	Northeast	XTL Transport Inc.	474,060	bclMC Realty Corp.
260081 Nose Creek Boulevard	Northeast	Sysco Canada	382,025	QuadReal Property Group

INDUSTRIAL SUBMARKETS



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