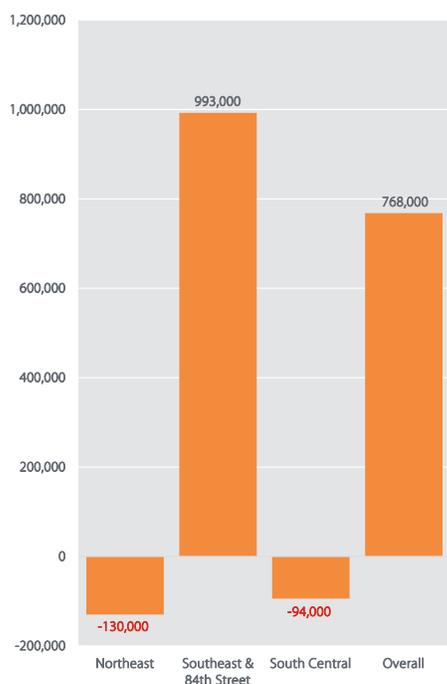


The overall Calgary and area vacancy rate is now at 7.8%, with the overall availability rate moving down to 8.1%.

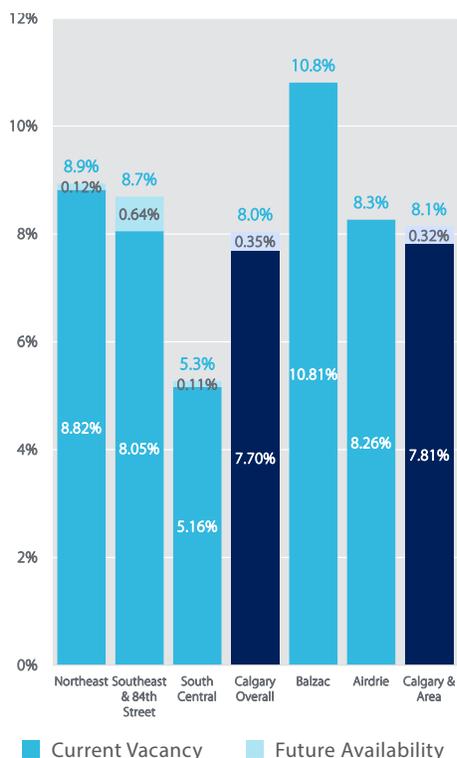
This shows improvement from fourth-quarter 2017, which saw the overall vacancy rate at 8.2% and the overall availability rate at 8.7%, and in comparison to one year ago in first-quarter 2017, when vacancy was 8.5%, and availability was 9.0%. At the end of first quarter 2018, continued robust leasing activity has resulted in four consecutive quarters of positive industrial absorption being recorded. Calgary's industrial absorption was positive 768,000 square feet (sf) for first-quarter 2018 and positive 1.8 million

CALGARY INDUSTRIAL ABSORPTION BY LOCATION



square feet (msf) for the last 12 months. The current forecast is for continued positive absorption and falling vacancy rates throughout 2018 as an improved level of activity is anticipated. In recent years, Calgary has seen an increasing share of new development go to markets surrounding the City of Calgary. To reflect this change in composition of Calgary's industrial footprint, vacancy

CALGARY INDUSTRIAL VACANCY RATES BY LOCATION



rates and development statistics are now being tracked for the two of the largest surrounding markets – Airdrie and Balzac. These two areas are now included in the Calgary and Area industrial statistics being reported. Individually they have vacancy rates of 8.3% (Airdrie) and 10.8% (Balzac) as of first quarter 2018.

Over 2.5 million square feet (msf) of industrial space is currently under construction in Calgary and area. Balzac accounts for over 40% of this space, including Amazon's new 600,000-sf fulfillment centre, which is expected to be completed this fall. Speculative development (projects being constructed with no committed tenants in place) account for 71% of the industrial space currently being developed. Thanks to the long-term vision and positive outlook on Calgary by a handful of developers, a new supply of industrial space is being

Market Facts

7.8%

Vacancy
(Q4 2017: 8.2%)

8.1%

Availability
(Q4 2017: 8.7%)

768,000 SF

Absorption
(Q4 2017 - 462,000 SF)

2,505,000 SF

Under Construction
(Q4 2017: 1,466,000 SF)

0 SF

Completed
(Q4 2017: 175,000 SF)

*Airdrie & Balzac statistics added Q1 2018

delivered into the recovering Calgary market in 2018. As industrial vacancy begins to tighten and rents begin to rise, it is anticipated that further construction of new industrial space in the Calgary area will commence.

CALGARY AVG INDUSTRIAL RENTAL RANGES BY SIZE



continued from page 1

In terms of the owner-user market, sales and leasing in the smaller, freestanding segment (under 20,000 sf) remains active, with robust competition for a shrinking supply of both lease and sale options. Availability of small (1-5 acres) owner-user land sites inside Calgary proper continues to be extremely low (with the exception of Point Trotter), adding to the new growth in communities surrounding the city. ■

FOCUS on Investment

The first quarter of 2018 did not see a noticeable departure from the investment drivers witnessed throughout 2017. Calgary industrial assets of all types and sizes continue to be actively pursued by a diverse group of investors.

Yields have stabilized from the downward trajectory seen in 2017 and there is no reason to believe the direction will reverse in the short to medium term. This has provided owners with clear line-of-sight to the value of their assets. The volume of transactions is expected to continue at a healthy pace.

It is anticipated that owners will use this market activity to upgrade their portfolios by selling older vintage assets in order to fund new acquisitions and/or development, which in turn will provide ample acquisition opportunities for new entrants to the market or groups looking to add value to existing industrial stock.

CALGARY Q1 2018 NOTABLE INDUSTRIAL TRANSACTIONS

Lease

Tenant	Address	Size (sf)	Deal Type
CWS Logistics	5625 - 61st Avenue SE	101,000	Renewal
Calgary Archives	7505 - 48th Street SE	87,000	New
INOVA Geophysical	1769 - 120th Avenue NE	76,000	Renewal

Sale

Purchaser	Address	Size (sf)	Price
	1226 - 26th Avenue SE		
Fiera Properties Core Fund GP Inc.	& 5060 - 43rd Street SE**	201,638	\$61,421,200
TCS Alberta Inc.	7704 - 30th Street SE	212,032	\$15,000,000
2088683 Alberta Ltd.	7260 - 12th Street SE	84,537	\$11,600,000
Refresco Canada Inc.	4810 - 76th Avenue SE	140,056	\$10,142,652
1844139 Alberta Ltd.	2900 Alyth Road SE	65,966	\$7,600,000

**This transaction involved multiple properties, not all of which are located in Calgary
Sales Source: RealNet Canada Inc.

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CALGARY Q1 2018 INDUSTRIAL CONSTRUCTION SUMMARY

Industrial New Supply

Project Name	Address	Municipality	Square Feet	Status	% Pre-Leased/Sold	Project Type	Developer
none							

Industrial Under Construction

Project Name	Address	Municipality	Square Feet	Expected Completion	% Pre-Leased/Sold	Project Type	Developer
*332 Carmek Place	332 Carmek Place	Rocky View County	114,000	Q2 2018	100%	Design-Build-Lease	Emcor
*Inrside Business Centre	5423 - 61st Avenue SE	Calgary	93,296	Q2 2018	0%	Condos	Beedie Group
Airport Crossing 3	10099 - 15th Street NE	Calgary	150,000	Q2 2018	0%	Multi-Tenant - Speculative	Enright Capital
Airport Crossing 4	56 Freeport Crescent NE	Calgary	96,000	Q2 2018	0%	Multi-Tenant - Speculative	Enright Capital
Evolve at District	11127 - 15th Street NE	Calgary	128,300	Q2 2018	44%	Condos	Beedie Group
Great Plains Business Park - Building C	7155 - 64th Street SE	Calgary	157,067	Q2 2018	0%	Multi-Tenant - Speculative	Hopewell Development
Great Plains Business Park - Building E	6000 - 72nd Avenue SE	Calgary	120,609	Q2 2018	0%	Multi-Tenant - Speculative	Hopewell Development
High Plains Building 2	260258 High Plains Boulevard	Balzac	418,346	Q3 2018	0%	Multi-Tenant - Speculative	Bentall Kennedy
93 Gateway Drive NE	93 Gateway Drive NE	Airdrie	19,775	Q3 2018	11%	Condos	Fieldtech
StoneGate Building B	11500 Barlow Trail NE	Calgary	607,200	Q4 2018	0%	Multi-Tenant - Speculative	ONE Properties
Amazon Fulfillment Centre	293064 Colonel Robertson Way	Balzac	600,000	Q4 2018	100%	Design-Build-Lease	QuadReal

*Indicates properties Avison Young is involved with



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