



Calgary industrial market report

Q2 2023

**AVISON
YOUNG**

Calgary industrial market indicators

2.46%

Total vacancy rate
up 0.15% from Q1 2023

4.27%

Availability rate
up 0.13% from Q1 2023

0.33%

Sublease vacancy rate
down 0.26% from Q1 2023

\$394M

Improved property sales
as of May 2023

656,276

Square feet (sf) of positive absorption
1.3M sf year to date

5.25M

Square feet under construction
additional 4.92M sf proposed

What's the scoop?

Shifting dynamics for red-hot industrial sector

Relative to the frantic pace Calgary's industrial market saw in 2022, market activity in the first two quarters of 2023 has decreased. Net absorption has leveled off from the record-breaking previous year as overall vacancy has risen. As we enter the back half of the year, the pre-leasing of several large warehouse completions will likely boost quarterly absorption. Vacancy is expected to maintain a slow and steady increase. Despite this, there appears to be a sustained level of demand, coupled with continued optimism in the city.

The deceleration in leasing activity seen in Q2 2023 was due to low vacancy and an inability to supply the market, not a lack of demand. Now that demand is easing, we have likely seen the bottom of the trough, which should result in modest incremental rises in the overall vacancy rate moving forward.

Investment market maintains velocity

Rising interest rates, coupled with high inflation and economic uncertainty have led many institutional buyers to reevaluate their portfolio positions.

Quarterly investment in improved industrial properties rose in Q2, with the largest acquisitions coming from pension funds. While much of this activity concluded several months prior, indicative of the momentum the industrial market has carried into 2023 after a record year in 2022. However, given the larger economic picture, it is anticipated that investment levels will either level-off or decline in the final two quarters of this year.

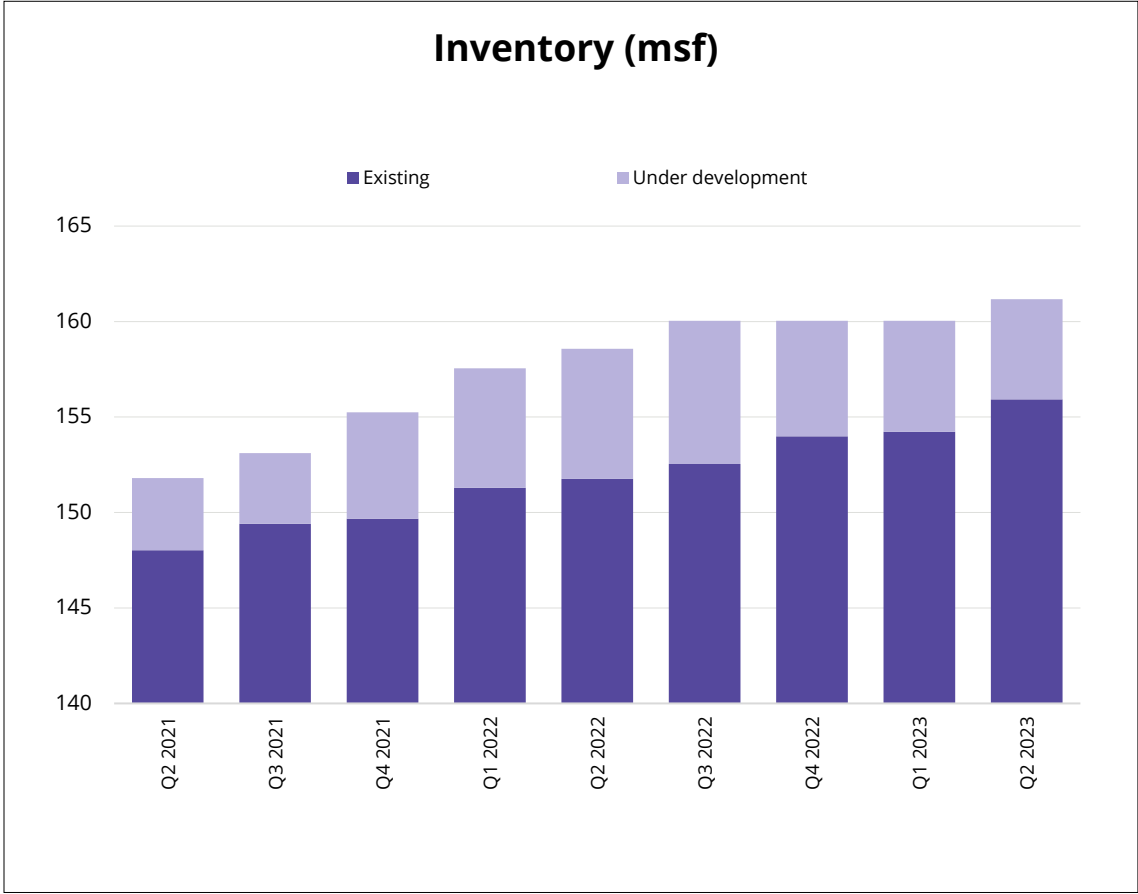
It is also important to note that sales in industrial land have declined year to date, a leading indicator of a slow down in the industrial investment market.

Our point of view

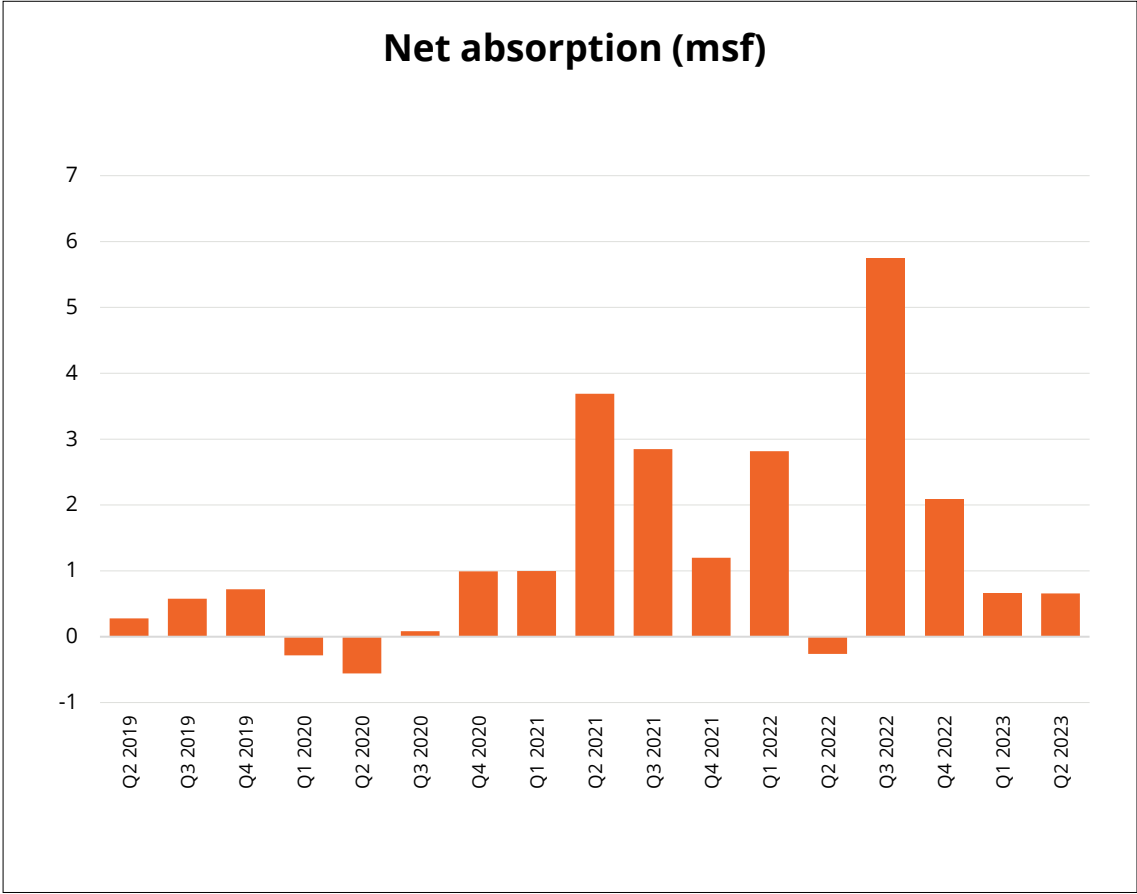
Limited inventory in the region will continue to sustain both lease rates and sale prices, which bodes well for Calgary's industrial market. Outside pressures aside, industrial continues to be a preferred asset category among all investor types and Calgary is situated as a preferred destination for future growth. There is a consensus that the frantic pace of activity has slowed, albeit only moderately.



Calgary area industrial market indicators

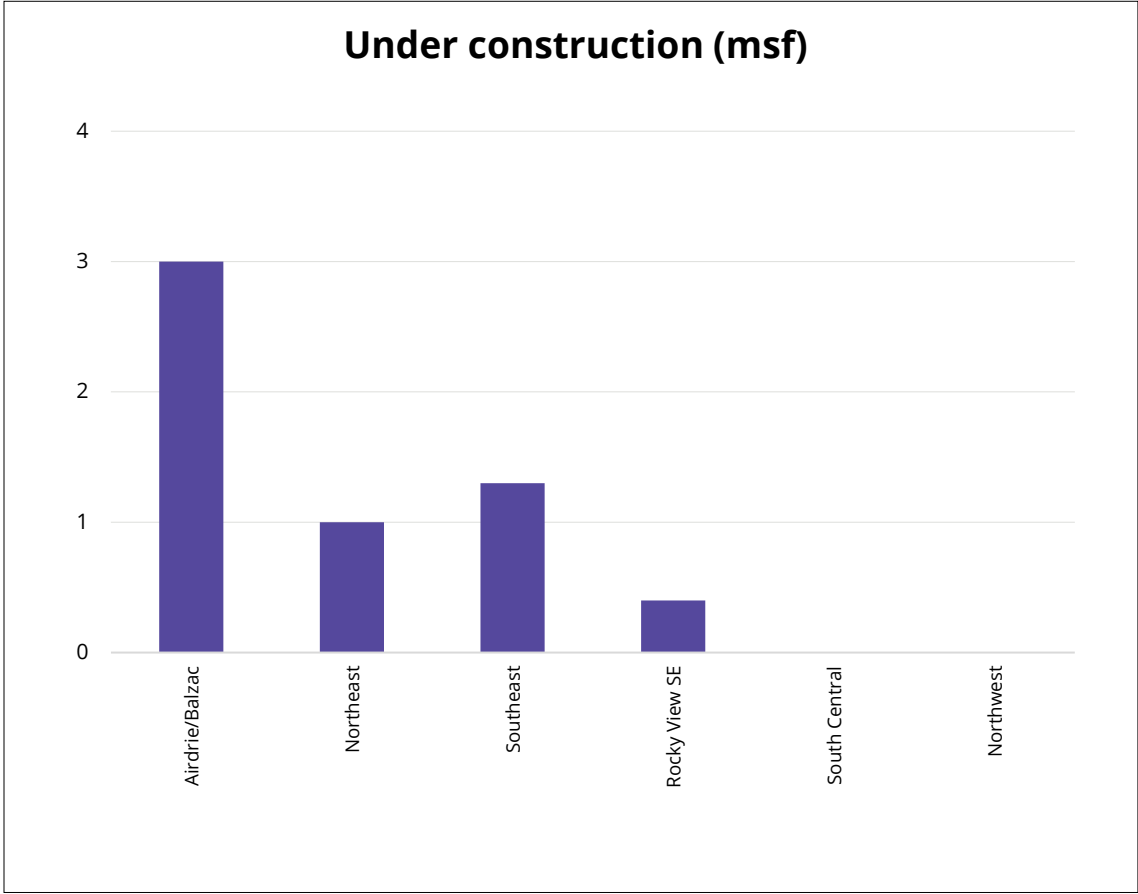


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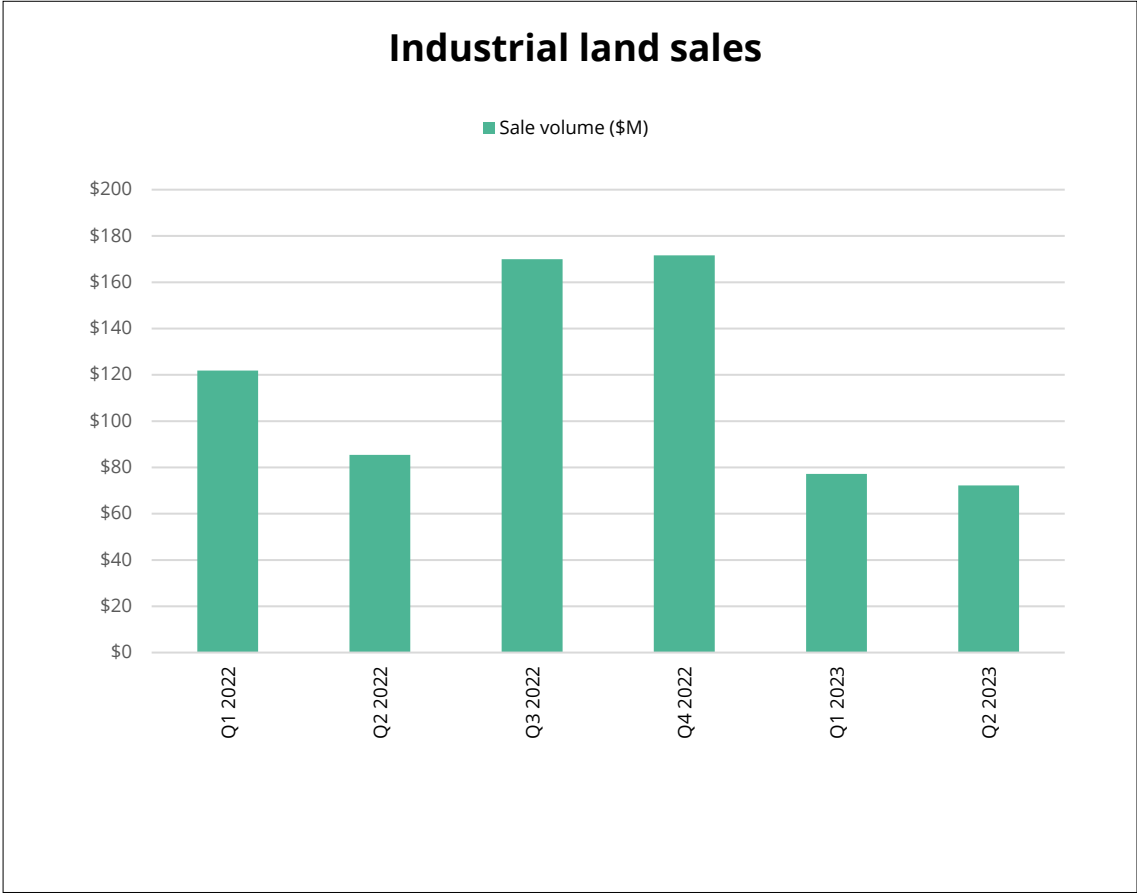


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Calgary area industrial market indicators

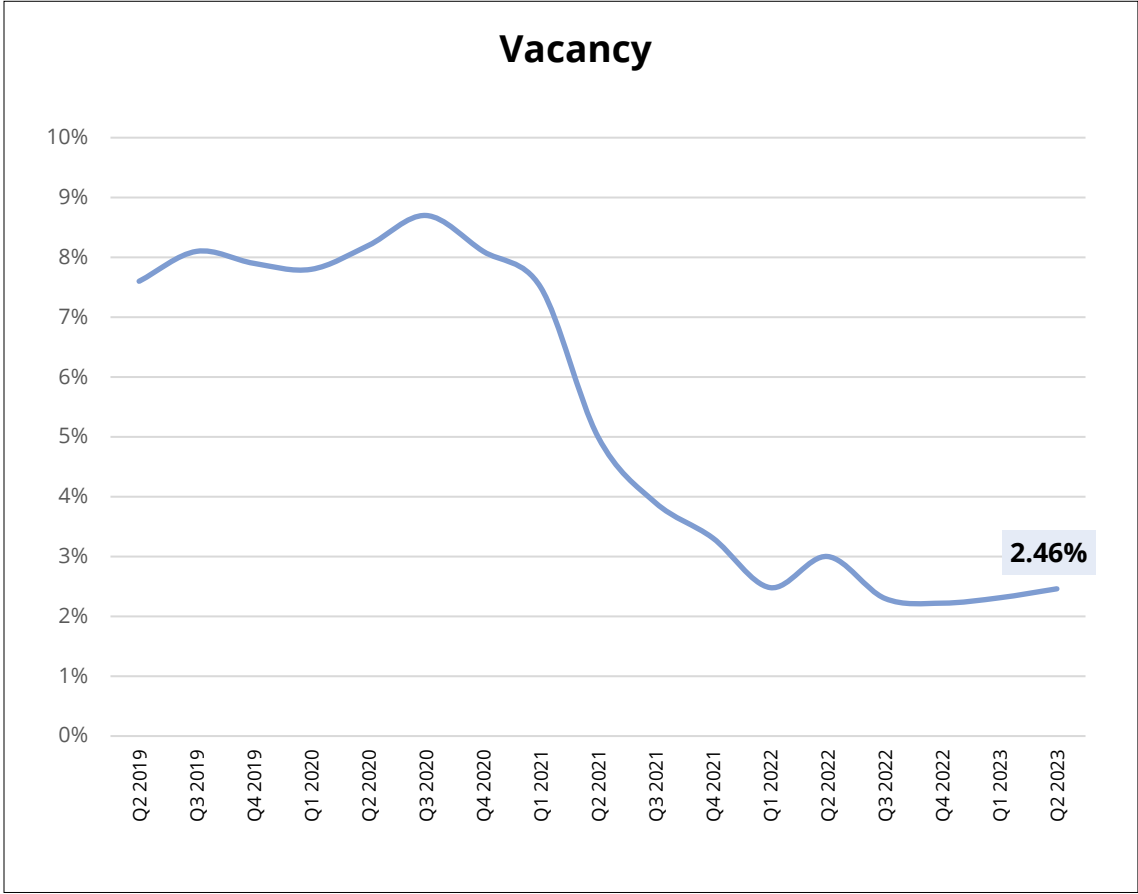


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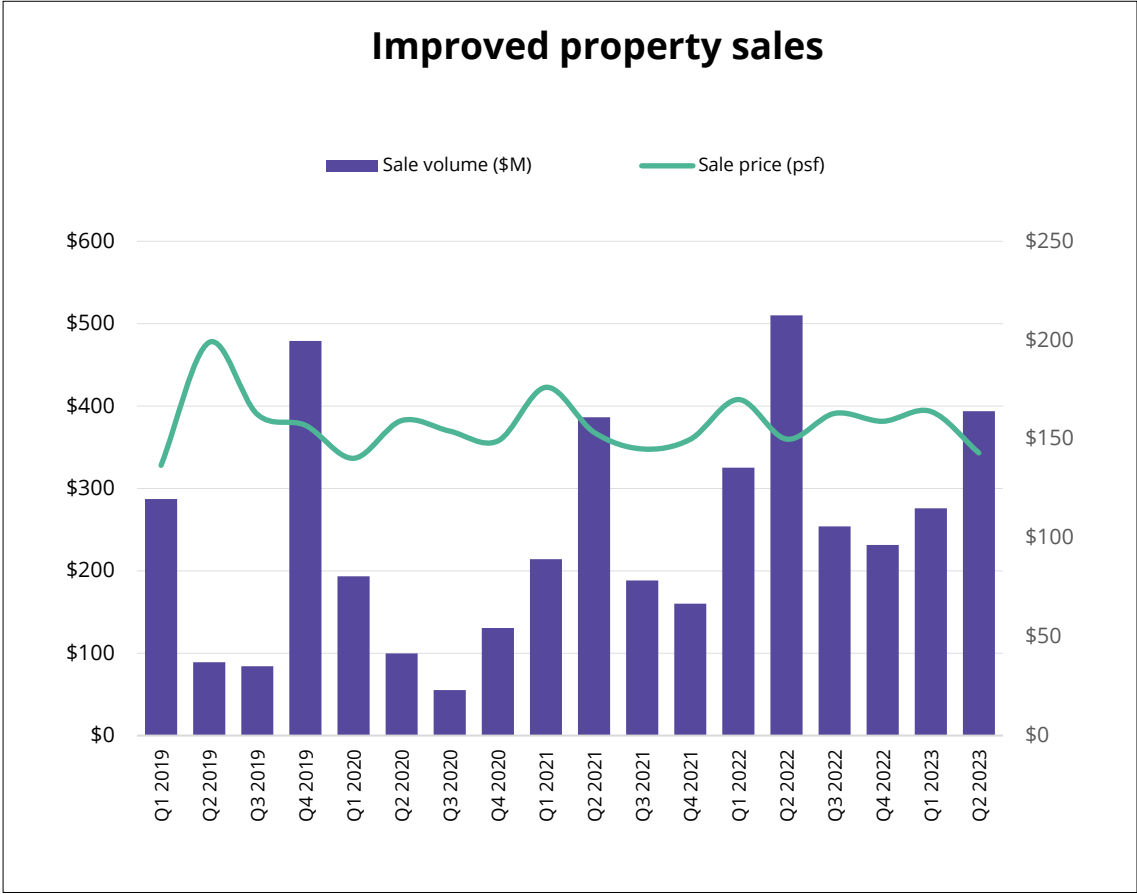


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Calgary area industrial market indicators



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Calgary area industrial market activity

Q2 leasing activity

Tenant name	Address	Park	Building name	Size	Lease type
Plygem Canada	5785 72 nd Avenue SE	Great Plains	Great Plains Expansion	220,000	Headlease
Metro Logistics	490 Carmek Drive SE	84 th Street	Citylink Logistics Centre	142,000	Headlease
Star Produce	2626 Country Hills Boulevard NE	Stonegate	Stonegate "A"	62,000	Headlease
Heatlink Group	11500 Stonehill Drive NE	Stonegate	Stonegate Industrial 5	88,000	Headlease
Ceratec Inc.	5805/5855 51 st Street SE	Foothills	N/A	45,000	Headlease

Q2 sales activity (improved)

Buyer	Address	Sale date	Sale price	Building size (sf)	Sale price (psf)	Seller
Canada Life Insurance c/o GWL Realty Advisors	10 High Plains Trail (Rocky View County)	April 20 th 2023	\$77,500,000	409,362	\$189	High Plains Building 7 GP Ltd.
SCREO II Foothills North GP Inc.	5249 52 nd Street SE	April 26 th 2023	\$61,250,000	617,821	\$99	BK Prime Foothills North GP Inc.
BOSA Calgary Industrial 2 GP Ltd.	2600 61 st Avenue SE	May 15 th 2023	\$42,500,000	407,666	\$104	1314287 Ontario Inc.

Q2 sales activity (land)

Buyer	Address	Sale date	Sale price	Site size (acres)	Sale price acre	Seller
TPP Industrial Balzac Holdings Limited	Lot 1 Westland Drive (Rocky View County)	May 24 th 2023	\$11,847,500	33.85	\$350,000	Grunsky Investments
Calgary Logistics Limited	30 High Plains Trail (Rocky View County)	April 4 th 2023	\$11,137,500	22.50	\$495,000	CLT Developments Ltd., Highfield Investment Group, Kido Shares Ltd.
2480720 Alberta Inc.	10630 Enterprise Way SE	May 11 th 2023	\$10,400,000	11.26	\$923,623	DWP Co Ltd.

For more market insights
and information visit
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