



Calgary industrial market report

Q4 2022

**AVISON
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Industrial market trends

01

Unrelenting development activity

With construction and pre-construction activity at an all time high, the pressure to keep up with demand has been a consistent theme throughout the year. Several significant deliveries occurred in 2022, the most notable being the Amazon facilities located in Dufferin and Point Trotter. Pre-leased space has been the largest contributor to positive absorption in 2022. Year-to-date absorption levels have surpassed 8 million square feet.

The combination of constrained supply, low availability, rising construction costs, and high interest rates will contribute to rising rental rates. Asking rents are currently 17% higher than they were at this point last year.

02

Unprecedented investment levels

Year-to-date industrial investment has surpassed \$1 billion, a record for industrial sales activity in Calgary.

As the cost to borrow increases, sale activity is likely to fluctuate. Activity in the owner-user segment of the market is anticipated to decrease, while institutional capital may re-evaluate certain positions held across the board.

Working in Calgary's favor is the relatively low cost of doing business. This should introduce a stabilizing effect to counteract economic headwinds heading into 2023.

03

Alberta back in demand

As the "Alberta Advantage" once again takes centre stage in national media and discourse, the narrative plays well into the attraction of new companies and investment capital.

Economic indicators predict that the province will avoid the worst parts of a recession, while demographic indicators are showing favorable forecasts to companies looking to either grow or relocate.



Industrial market fundamentals

1.92%

Total vacancy rate
down 0.4% from Q3 2022

3.06%

Availability rate
down 0.8% from Q3 2022

0.29%

Sublease vacancy rate
down 0.1% from Q3 2022

\$1.1B

investment sales total (up to November)
up 18% from 2021 total

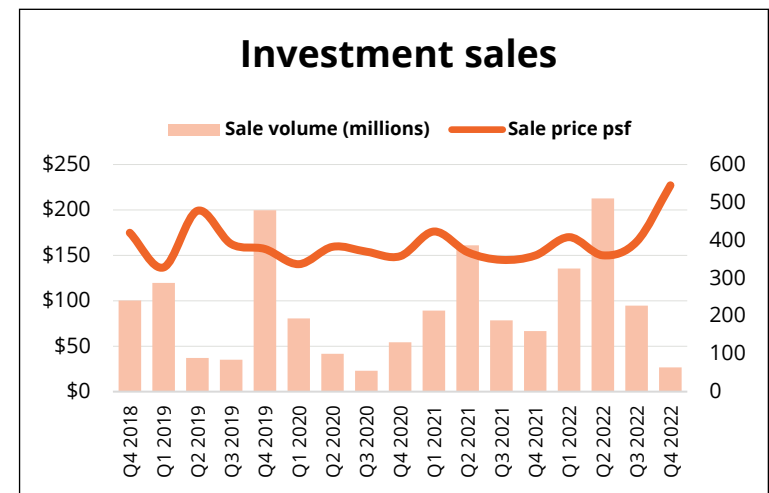
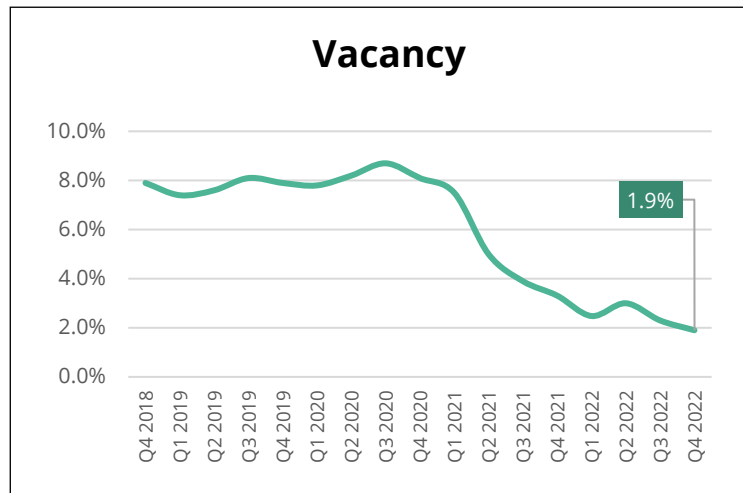
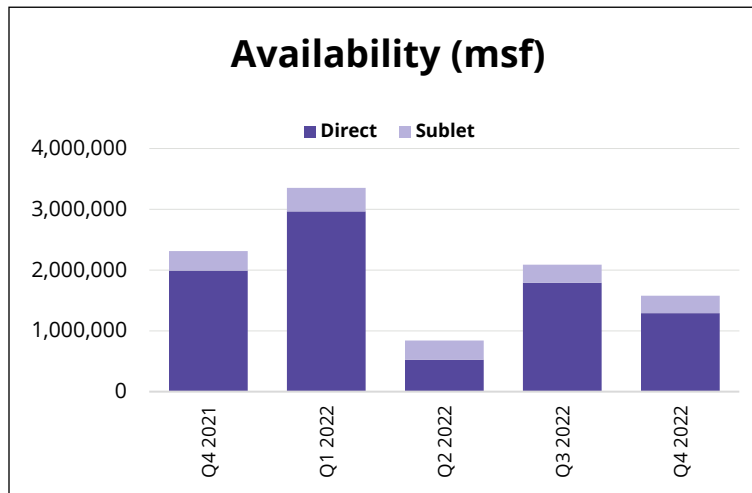
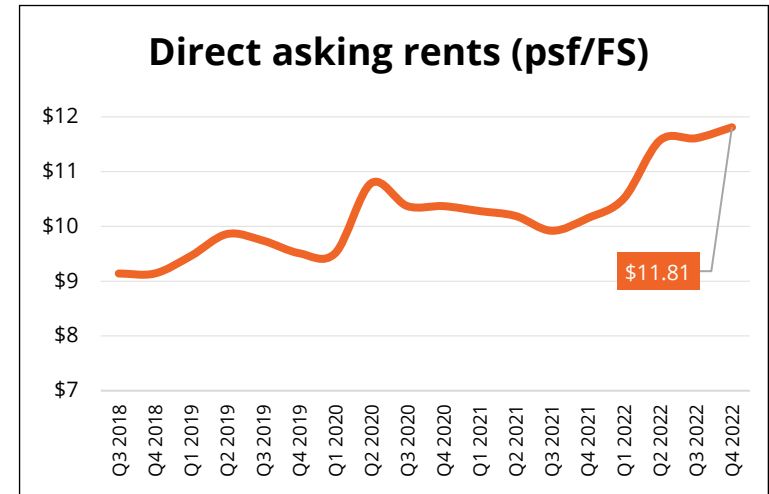
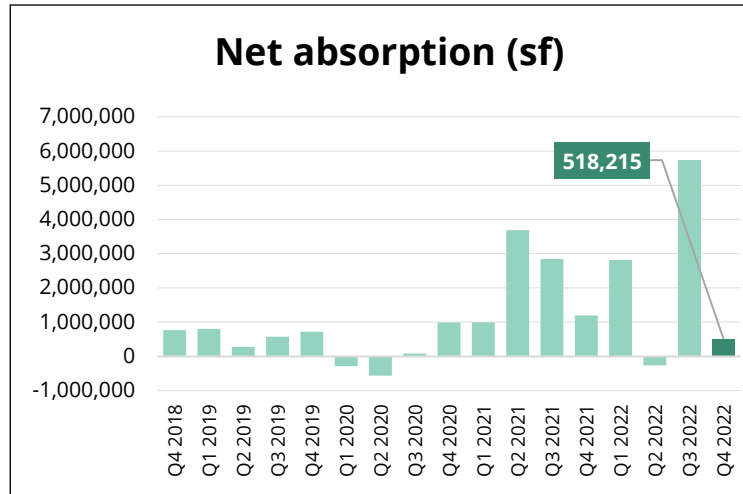
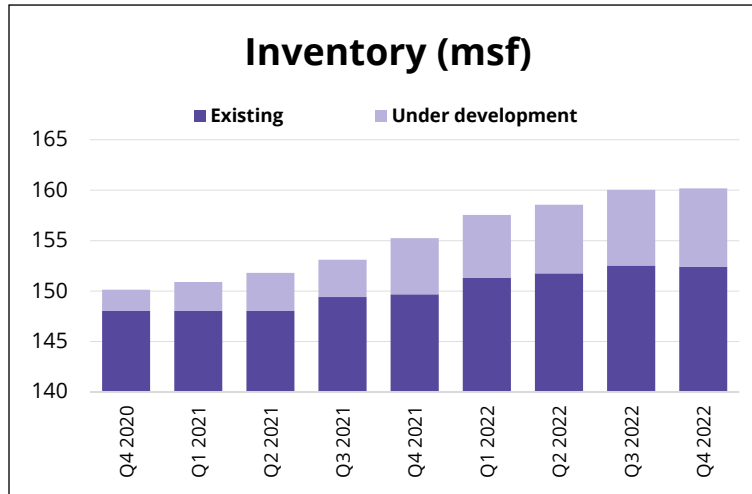
\$11.81

Direct asking rent
up 14% from Q3 2022

7.8M

square feet proposed & under construction
7.0 MSF delivered in 2022

Industrial market indicators



Industrial market activity

Q4 leasing activity

Tenant name	Address	Park	Building Name	Size	Lease type
Richelieu Hardware Canada Ltd.	285088 Frontier Road	N/A	Remington Frontier	254,000	Direct
Radiant	11576 Stonehill Drive NE	Stonegate	Stonegate "B1"	134,000	Direct
TOC Logistics Inc.	293029 James Jones Way	Nose Creek	Nosecreek "B"	48,000	Direct
Darkvision Technologies Inc.	4404 14 Street NE	McCall	N/A	47,000	Direct
OTL Logistics LTD.	7405 108 Avenue SE	Point Trotter	Canal Enright "1"	131,000	Direct

Q4 sales activity

Buyer	Address	Sale date	Sale price	Building Size	Sale price psf	Seller
Peak Installations	20 High Plains Trail	Nov 21 st 2022	\$25,880,000	179,000	\$145	Highfield Investment Group
The Norcal Group	420 28 th Street NE	Nov 17 th 2022	\$20,400,000	135,000	\$151	Trivan Capital Corporation
Janico Cleaning Ltd.	3639 27 th Street NE	Nov 7 th 2022	\$2,480,000	16,000	\$174	Alco Holdings Ltd.
Clever Canines Ltd.	5513 3 rd Street SE	Oct 14 th 2022	\$2,250,000	10,000	\$221	Majestic Auto Centre Ltd.
A-1 Granite & Marble Ltd.	Unit 155, 5520 110 th Avenue SE	Oct 12 th 2022	\$2,155,000	9,000	\$251	Beedie Group

For more market insights
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