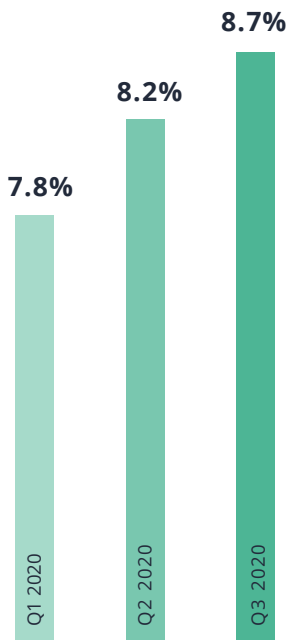
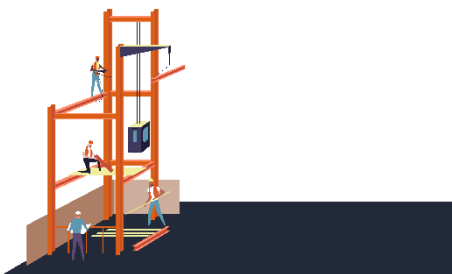


Calgary

Calgary Region Industrial Vacancy



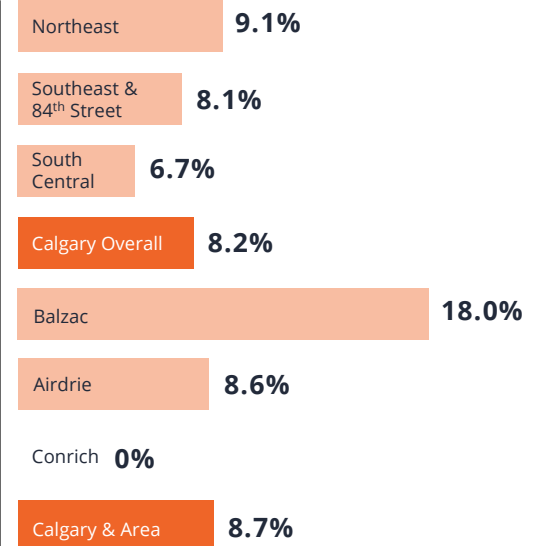
Industrial vacancy increased in third quarter 2020 due to the completion of **6 speculative properties containing almost 1 million square feet of space.**



Market Highlights

- Net absorption for the third quarter of 2020 was positive (83,000 square feet (sf)). However, it was the second consecutive quarterly increase in vacancy for the Greater Calgary industrial market; a pattern that was also seen in the second and third quarters of 2019 when over 2 million square feet (msf) of new supply was added to the Calgary industrial market.
- Industrial vacancy for Calgary increased to 8.7% during the third quarter of 2020, from 8.2% in second-quarter 2020, and is up from 8.1% at the end of third-quarter 2019
- This increase in vacancy was the direct result of 930,000 sf of new supply delivered in third-quarter 2020, of which only 21% was pre-leased at the time of completion. Developers continue to feel confidence in Calgary's growing position as the distribution hub for Western Canada. On the other hand, the square footage of vacancies in spaces under 10,000 sf has increased 25% in the last year.
- In addition to the challenges brought by the COVID-19 pandemic, industrial businesses have also faced steep increases in their property taxes inside The City of Calgary, due to the continuing decline in office property values. Large-format distribution centers are set to see a significant increase in 2021, as they continue to be one of the best performing assets in the market.
- Average net asking rents appear to have remained stable over the past few quarters, showing little movement in 2020. However, the property tax increases have put increased pressure on Landlords to find a way to counterbalance passing along increases in gross rent to tenants. There is genuine concern that the combination of pandemic impacts on businesses and increased gross rents will further hurt the smaller industrial-user market.

Calgary Industrial Submarket Vacancy Rates

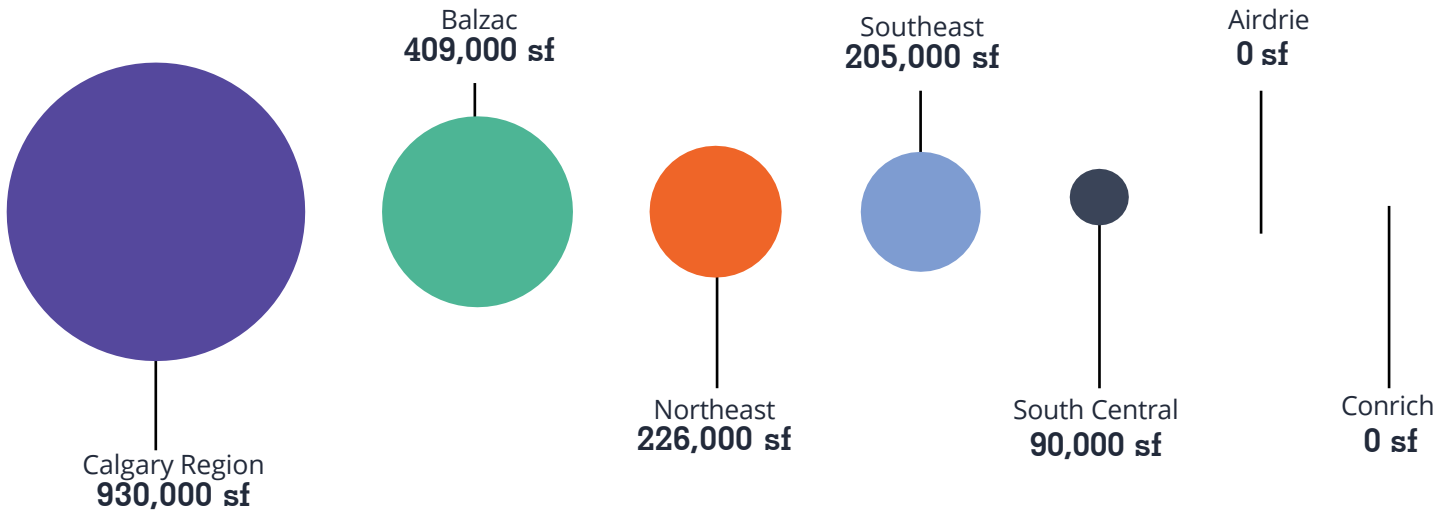


Market Facts

	Q3 2020	Q2 2020
Vacancy ↑	8.7%	8.2%
Availability ↑	9.2%	8.6%
Absorption ↑	83,000 sf	-559,000 sf
Under Construction ↑	1,358,000 sf	1,058,000 sf
Completed New Supply ↑	930,000 sf	29,000 sf

- Construction in Calgary continues to be led by distribution centres, the most active segment of the local industrial market. The recent announcement of the 1.2 msf Lowe's Distribution Centre to be constructed in the High Plains area of Balzac represents the majority of space under construction.
- Large-format distribution users continue to look outside the city proper, into Rocky View County, where there is a lower cost structure in place and easier development planning process.

New supply totals by submarket



Market Statistics

		Inventory (sf)	Vacancy	Quarterly Absorption (sf)	Under Construction (sf)	Quarterly New Supply (sf)
Northeast	Q3 2020	46,283,500	9.1%	48,371	35,832	225,970
Southeast & East of 84th Street	Q3 2020	64,543,992	8.1%	-165,601	91,869	205,075
South Central	Q3 2020	24,099,306	6.7%	14,502	0	89,752
Balzac	Q3 2020	7,384,850	18.0%	175,000	1,230,000	409,360
Airdrie	Q3 2020	4,832,934	8.6%	10,581	0	0
Conrich	Q3 2020	680,802	0.0%	0	0	0
Overall	Q3 2020	147,825,384	8.7%	82,853	1,357,701	930,157

Get more market information

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