



Calgary industrial market report

Q3 2023

**AVISON
YOUNG**

Calgary industrial market indicators

2.96%

Total vacancy rate
up 0.5% from Q2 2023

4.44%

Availability rate
up 0.17% from Q2 2023

0.46%

Sublease vacancy rate
up 0.13% from Q2 2023

\$182M

Industrial property sales
\$851M year to date

638,061

Square feet (sf) of positive absorption
1.9M sf year to date

5.5M

Square feet under construction
1.6M sf delivered in Q3

What's the scoop?

Calgary industrial moving slowly towards a more balanced market

The market for Calgary's industrial real estate remained healthy in the third quarter of 2023. There was a moderate increase in the overall vacancy rate to 2.96% due in part to new construction deliveries. Regardless, leasing interest and investment activity remain strong and resilience continues to be the dominant trait of the industrial market.

The market recorded 638,061 square feet of positive absorption in Q3, and the year-to-date total now amounts to approximately 1.9 million square feet. Positive absorption by quarter has remained relatively consistent throughout the year, with roughly 600,000 square feet of absorption per quarter. This steady absorption rate demonstrates a return to normalcy after the hectic pace of the previous year.

Confidence in the market remains solid

New construction projects added 1.6 million square feet to the market this quarter. Approximately 49% of these new deliveries were preleased, highlighting strong market confidence. Notably, a substantial 5.5 million square feet are currently under construction, indicating further expansion and development in the industrial sector.

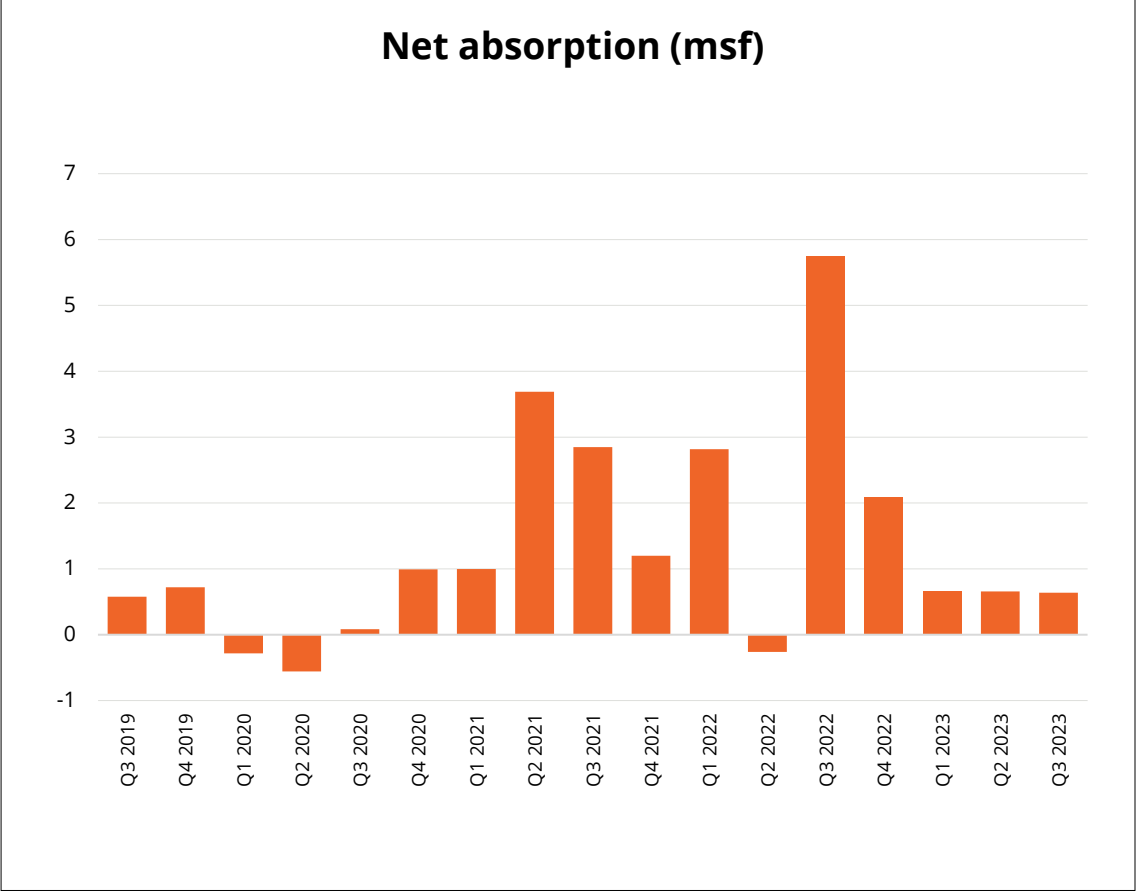
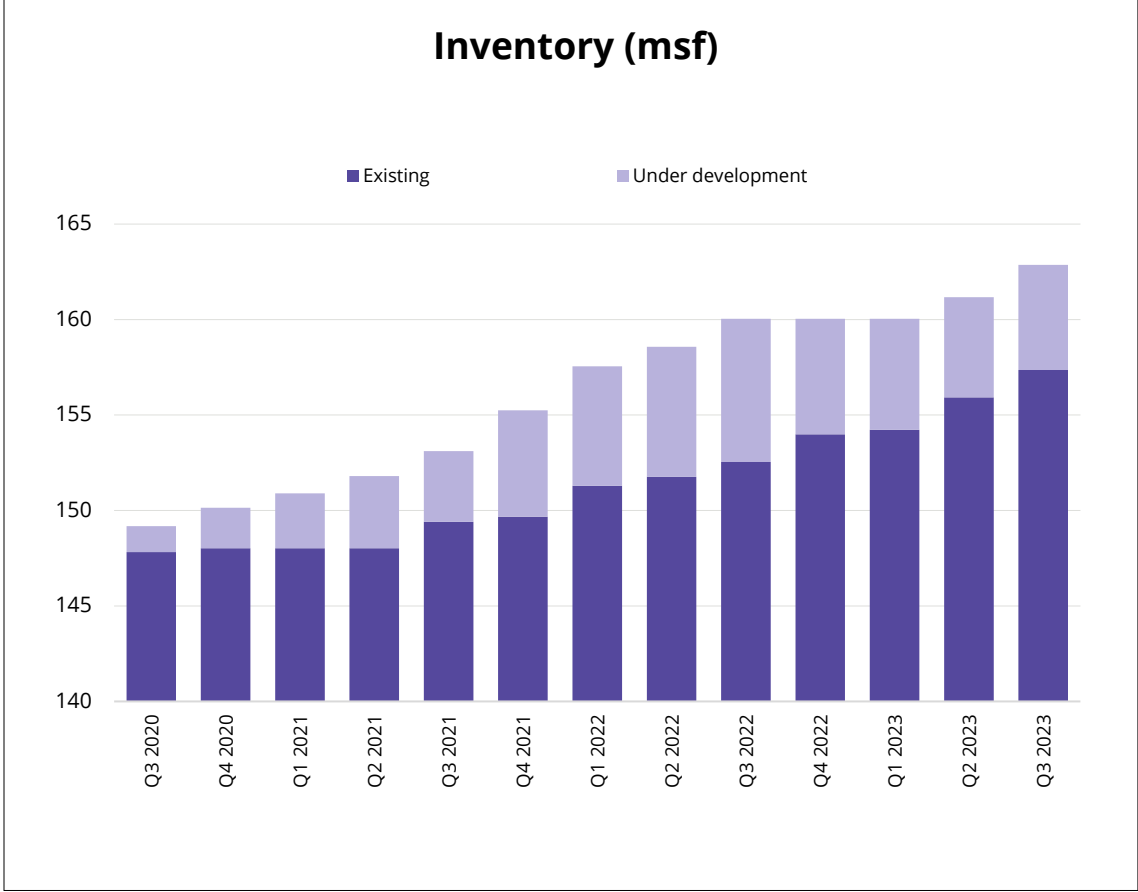
Coming off a record year for industrial investment, sales in the sector have cooled off slightly in 2023. Year to date investment totals approximately \$851 million, whereas the year-to-date total at this point last year had surpassed \$1 billion. That said, industrial sales remain elevated, and despite a heightened interest rate environment, Calgary industrial remains a preferred asset class for capital allocation. Of note, most sales activity has come from private owner-user groups.

Our point of view

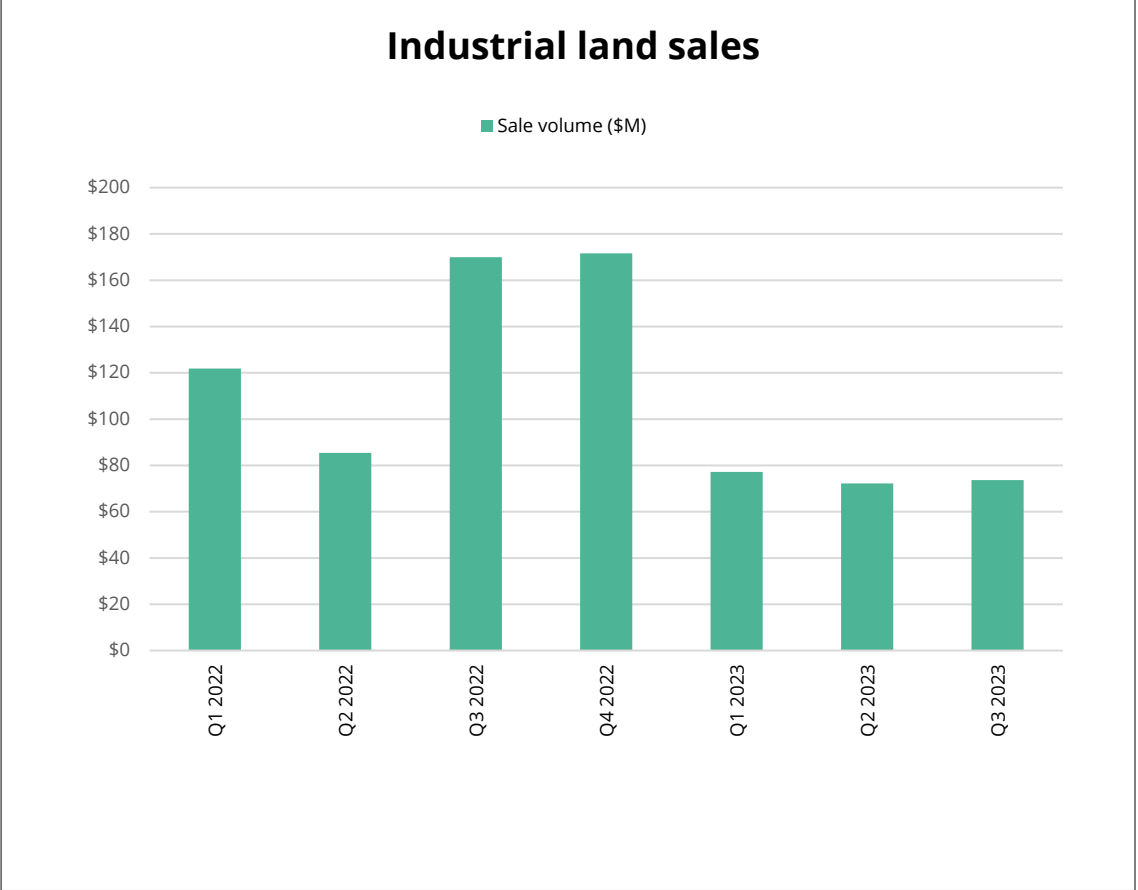
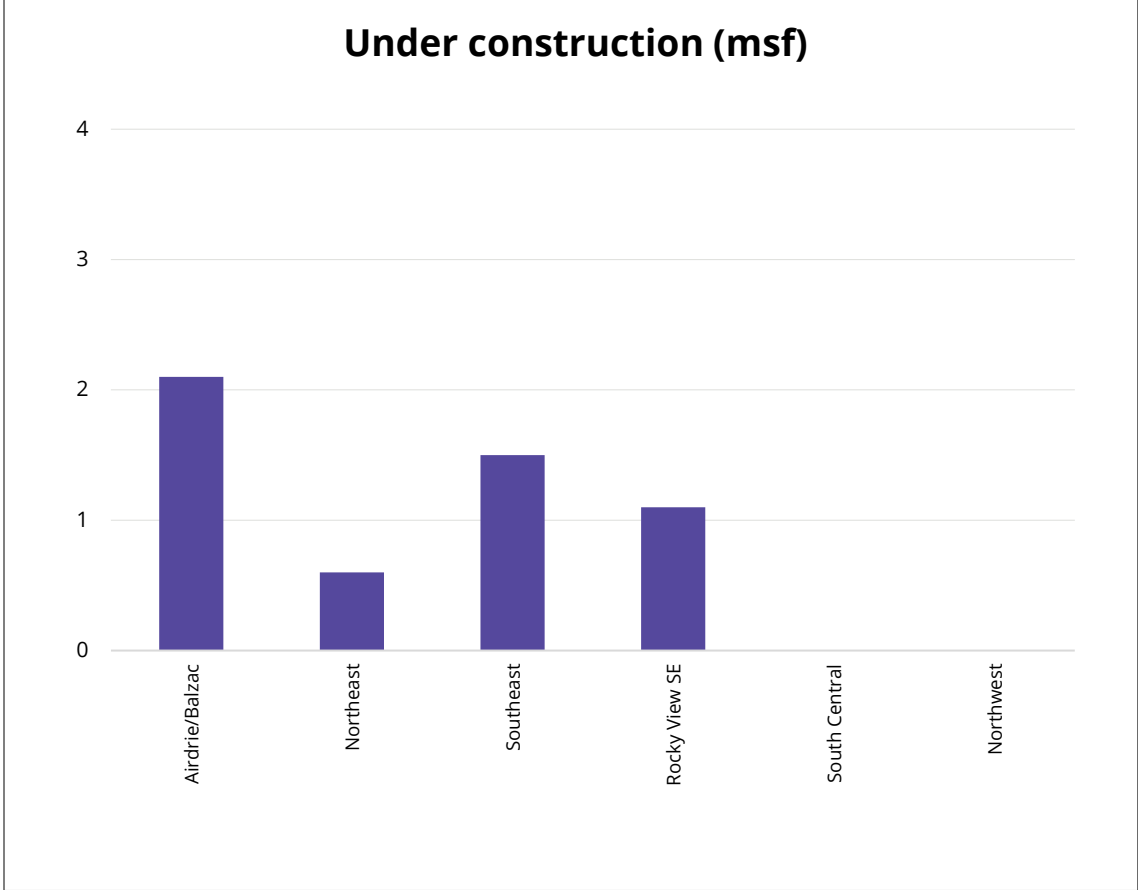
Sentiments toward Calgary remain positive and, for the first time in several years, optimism is becoming more widespread in the commercial real estate industry. The industrial sector particularly, marked by consistent absorption and a favorable leasing environment, underscores market confidence. The city is also becoming the cost-effective distribution hub in Canada, with asking rates for distribution space significantly lower than Vancouver and Toronto.



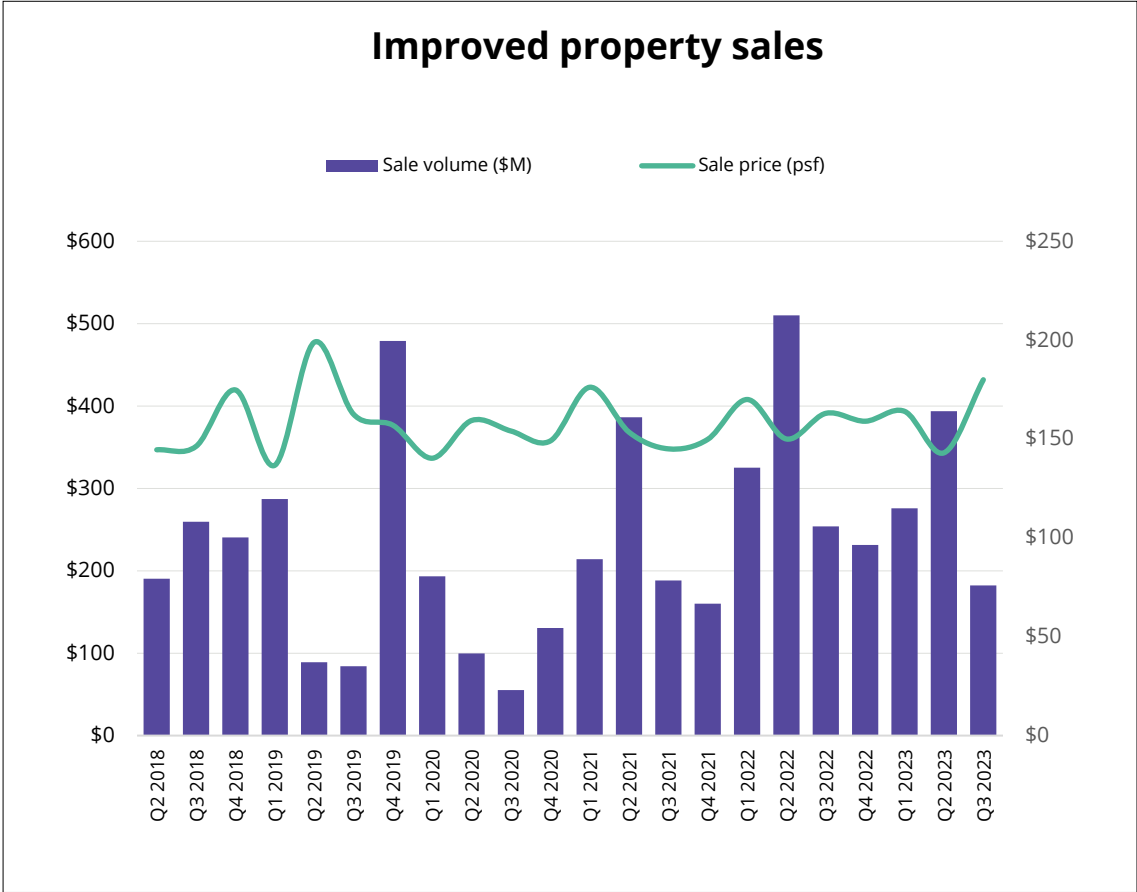
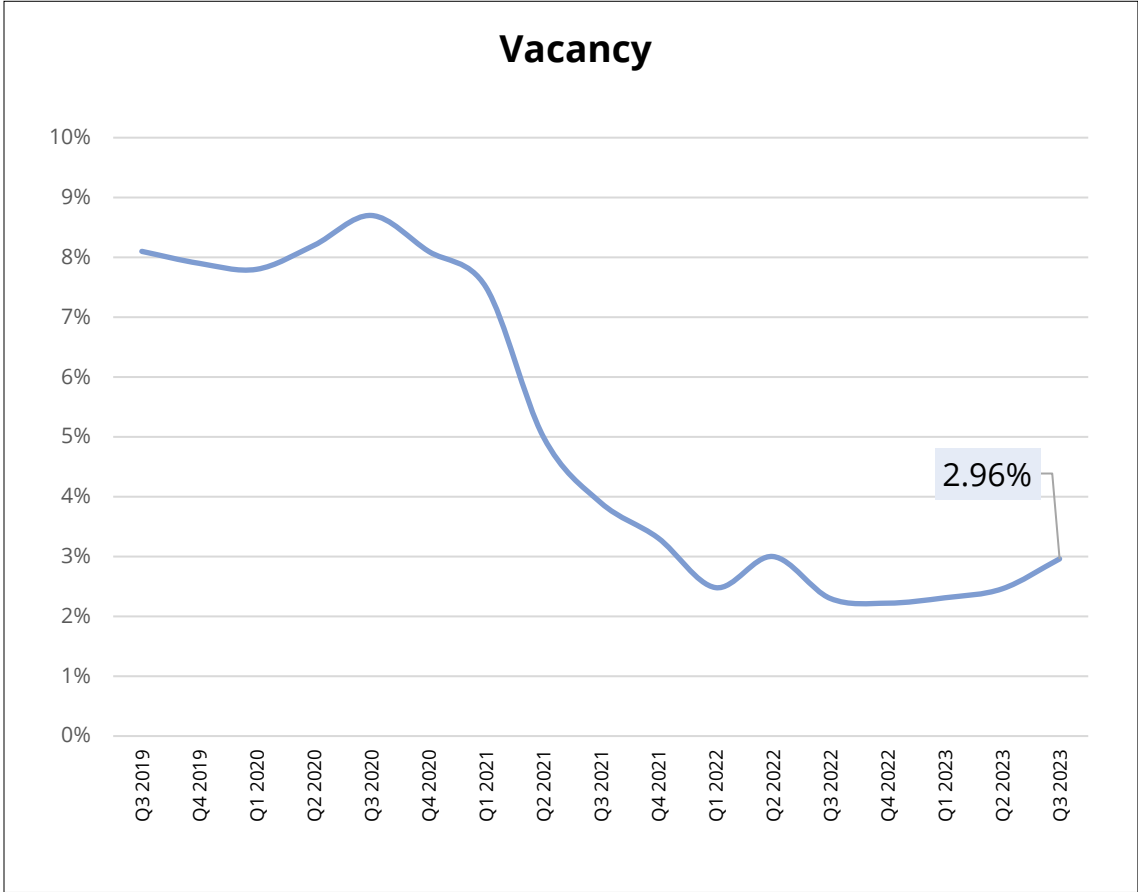
Calgary area industrial market indicators



Calgary area industrial market indicators



Calgary area industrial market indicators



Calgary area industrial market activity

Q3 leasing activity

Tenant name	Address	Park	Size	Lease type
Article.com	292031 Wagon Wheel Boulevard	Wagon Wheel Industrial	222,000	Headlease
Dot Foods	4639 72 nd Avenue SE	Great Plains	266,000	Headlease
Ply Gem	5801 72 nd Avenue SE	Great Plains	225,000	Headlease

Q3 sales activity (improved)

Buyer	Address	Registration date	Sale price	Building size (sf)	Sale price (psf)	Seller
XXIII Capital Inc.	5498 76 th Avenue SE	September 21 st 2023	\$24,500,000	159,686	\$153	Manulife
Synergy Properties Ltd.	4242 21 st Street NE	July 13 th 2023	\$23,500,000	99,500	\$236	1535992 Alberta Ltd.
Synergy Properties Ltd.	5760 9 th Street SE	July 13 th 2023	\$13,500,000	175,750	\$77	1394626 Alberta Ltd.

Q3 sales activity (land)

Buyer	Address	Registration date	Sale price	Site size (acres)	Sale price acre	Seller
Cross Roads Park Development	261180 Prime Gate	August 8 th 2023	\$6,403,050	25.11	\$255,000	Cross Roads Park Plaza Inc.
Bulldog Capital Equity Fund II GP Inc.	1115 68 th Avenue NE	August 11 th 2023	\$5,292,998	7.57	\$699,207	Finning International Inc.
5911 Investments Ltd.	3400 84 th Street SE	August 1 st 2023	\$5,000,000	52.07	\$96,025	Basant Management Ltd.

For more market insights
and information visit
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