

Calgary industrial real estate market on upswing

By Mario Toneguzzi on July 26, 2018

Abundance of land and access to major rail yards is helping the city become a significant inland port



The second quarter of 2018 marked the end of five consecutive quarters of declining vacancy in Calgary's industrial real estate market, says a new report by [Barclay Street Real Estate](#).

There was a slight uptick of 0.01 per cent to 5.67 per cent overall, says the report.

The report said absorption – the change in occupied space – slowed slightly in the quarter, declining roughly 200,000 square feet from the first quarter to 1,111,729 square feet in the second quarter, which is still relatively strong.

"Calgary's industrial market has seen approximately 2.5-million square feet of absorption in 2018 year to date with no indication of a significant slow down in deal velocity," it said.

"Investor confidence in the Calgary market remains strong with inventory growing by 1,200,000 square feet in Q2 with an additional 2,400,000 square feet currently under construction and 3,200,000 square feet planned.

"While these metrics seem to indicate an overall rosy picture, caution still abounds with downtown office vacancy still over 25 per cent combined with significant issues related to pipeline construction, tax policy, trade conflict and lack of political will to assist the energy industry. These all combine to limit enthusiasm among many local companies.

"Most concerning is the fact that while Alberta's economy is recovering from the recent recession, unemployment in Calgary remains at 8.0 per cent as of April 2018, remarkably higher than Edmonton's 6.6 per cent or Toronto's 5.9 per cent. Vancouver's unemployment rate is almost half of Calgary's at 4.1 per cent, which may paradoxically be benefiting the region's industrial real estate sector as institutional builders are primarily constructing large format distribution buildings due to the lack of affordable land in the Vancouver area to do the same."

Respected business writer Mario Toneguzzi is a veteran Calgary-based journalist who worked for 35 years for the Calgary Herald in various capacities, including 12 years as a senior business writer.