

# Q2 | 2018



## CALGARY INDUSTRIAL REAL ESTATE MARKET OVERVIEW



### Q2 Vacancy

**5.67%**  
OVERALL Q2 RATE



+0.01%  
FROM Q1 2018

### Q2 Absorption

**+1,111,729**  
SQUARE FEET

### Vacancy by Quadrant

Central	3.79%	↓
North East	5.79%	↑
South East	6.27%	↑
Greater Area	6.87%	↓

The second quarter of 2018 marked the end of five consecutive quarters of declining vacancy with a slight uptick of 0.01% to 5.67% overall. Absorption slowed slightly this quarter, declining roughly 200,000 sq.ft. from Q1 to 1,111,729 sq.ft. in the second quarter, which is still relatively strong. Calgary's industrial market has seen approximately 2,500,000 sq.ft. of absorption in 2018 YTD with no indication of a significant slow down in deal velocity.

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

While these metrics seem to indicate an overall rosy picture, caution still abounds with downtown office vacancy still over 25% 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% as of April 2018, remarkably higher than Edmonton's 6.6% or Toronto's 5.9%. Vancouver's unemployment rate is almost half of Calgary's at 4.1% which may paradoxically be benefitting 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.

Calgary's abundance of available land combined with access to major CN & CP intermodal yards are helping Calgary transition towards becoming a significant inland port, which is a timely development as major oil and gas companies have exited the market over the past several years and don't appear to be returning.

Sales activity has remained stable with the largest transaction for the quarter being the purchase of a 63,800 sq.ft. facility in the Highfield Industrial district by Delta West Inc for \$6,900,000.00.

### CALGARY SUBMARKET VACANCY

	TOTAL SQ.FT.	VACANT SQ.FT.	VACANT %
Southeast	59,410,753	3,722,331	6.27%
Northeast	42,734,030	2,474,013	5.79%
South Central	29,046,563	1,100,908	3.79%
Greater Area	11,995,455	824,558	6.87%
<b>GCA Market TOTAL</b>	<b>143,186,801</b>	<b>8,121,810</b>	<b>5.67%</b>

# MARKET STATISTICS

## BREAKDOWN OF INDUSTRIAL AVAILABILITY\*

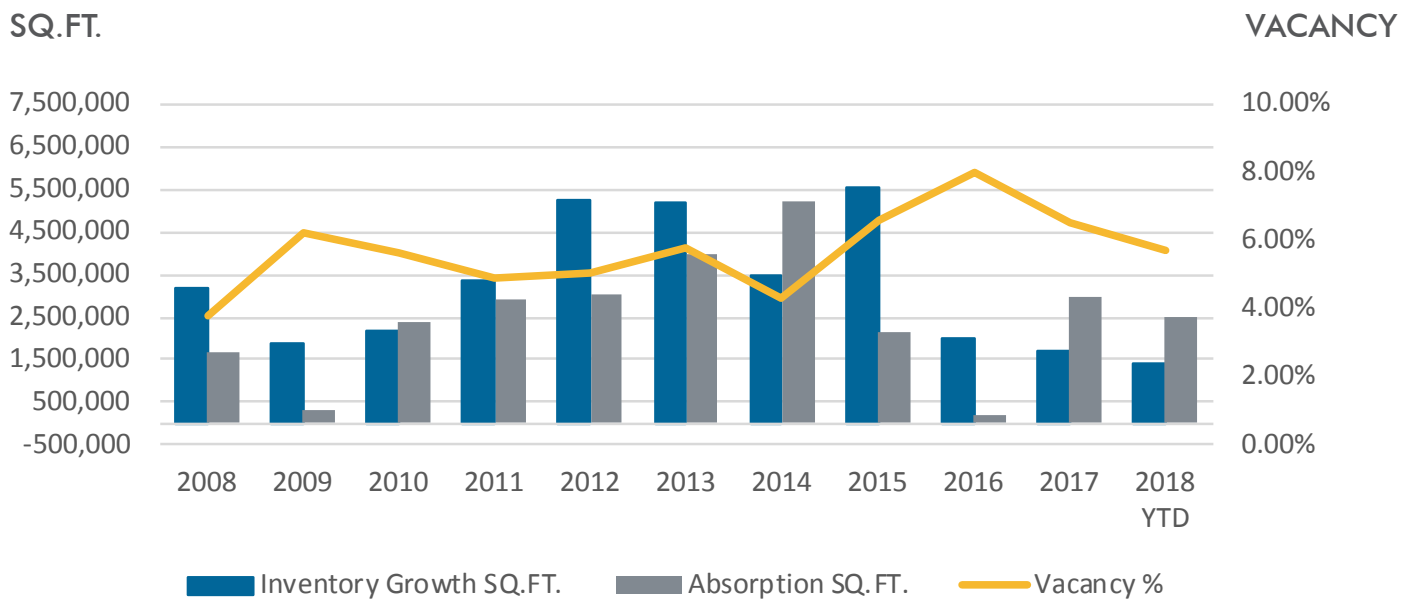
16,559,206 TOTAL SQ.FT. AVAILABLE | 697 TOTAL LISTINGS

0 - 10,000 SF ≡	10,001 - 30,000 SF ≡	30,001 - 60,000 SF ≡	60,001 - 100,000 SF ≡	100,001+ SF ≡
NUMBER OF LISTINGS <b>391</b>	NUMBER OF LISTINGS <b>183</b>	NUMBER OF LISTINGS <b>65</b>	NUMBER OF LISTINGS <b>26</b>	NUMBER OF LISTINGS <b>32</b>

Availability includes vacant space, occupied space being marketed, and speculative space under construction and to be delivered within 12 months

\*Some listings are counted in multiple size ranges if they can be demised

## ANNUAL INDUSTRIAL MARKET INDICATORS



# FEATURE PROPERTIES

## NOTABLE TEAM LISTINGS



**FOR SALE  
OR LEASE**

9 Fulton Gate, Rocky View  
12,335 sq.ft. on 2.5 acres  
UNDER CONSTRUCTION



**FOR SALE**

4515 - 112th Avenue SE  
25,568 sq.ft. on 2.54 acres

## NOTABLE TEAM TRANSACTIONS



**LEASED**

1338 - 36th Avenue NE  
17,400 sq.ft.



**LEASED**

2103 - 8th Street, Nisku  
45,445 sq.ft.



**LEASED**

4535 - 104th Avenue SE  
13,414 sq.ft.

The **BSRE Industrial Team** would like to thank the following clients for their business in the last quarter:

Artis REIT Westfield McCall Lake  
bclMC Realty Corporation  
Custom Mechanical Heating AB Ltd.  
Enerflex Ltd.  
Engelhart Reed Ltd.  
EM Plastic & Electric Products Limited

Envent Engineering Ltd.  
Geransky Exteriors Ltd.  
Gypsum Drywall (Southern) Ltd.  
Huwan Construction Ltd.  
Investors Group Trust Co. Ltd.  
KST Reline Services Inc.

LA Detail Inc.  
Laird Plastics (Canada) Inc.  
MJK Performance  
Net Safety Monitoring  
Star Concrete Floor Treatments Inc.  
Strazan Inc.  
Triumph South Airways



**SOLD**

316,369 sf on 40.02 acres

**LEASE RENEWAL**

44,100 sf

**LEASE**

101,200 sf

**LEASE**

19,441 sf

**DESIGN BUILD**

22,849sf on 2.86 acres

**DESIGN BUILD**

14,787 sf on 1.23 acres

**DESIGN BUILD**

10,474 sf on 0.90 acres

**SOLD**

50,000 sf on 5.01 acres

**DESIGN BUILD**

96,905 sf on 7.69 acres

**SOLD**

7,900 sf on 1.49 acres

**SOLD**

60,265 sf on 22.75 acres

**SOLD**

**DESIGN BUILD**

44,000 sf on 2.49 acres

**SOLD**

38,940 sf on 3.69 acres

**SOLD**

# LOCAL EXPERTISE MATTERS

## INDUSTRIAL REAL ESTATE SOLUTIONS

**LEASING**

**SALES**

**LAND**

**DESIGN BUILD**

JON MOOK 403-616-5239  
jmook@barclaystreet.com

CASEY STUART 403-828-8669  
cstuart@barclaystreet.com

ERIK DOBROVOLSKY 403-613-7161  
edobrovolsky@barclaystreet.com



[WWW.BARCLAYSTREET.COM](http://WWW.BARCLAYSTREET.COM)  
Bay 117, 4950 - 106th Avenue SE, Calgary, AB T2C 5E9

This Short Financial Analysis ("SFA") does not purport to be all inclusive or to contain all the information that the prospective purchaser may require in deciding whether or not to purchase the Property. This SFA provides selective information relating to certain physical, locational and financial characteristics of the property. The information on which this SFA is based has been obtained from various sources considered reliable. Barclay Street real Estate Ltd. makes no representations, declarations or warranties, express or implied, as to the accuracy or completeness of the information or statements contained herein or otherwise and such information or statements should not be relied upon by prospective purchasers without independent investigation and verification.