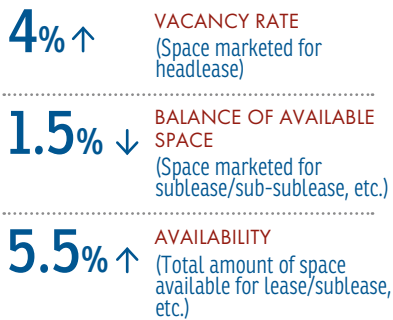


Greater Calgary & Area's First Quarter Industrial Landscape

Market Analysis Greater Calgary & Area • Q1 2024

Overall

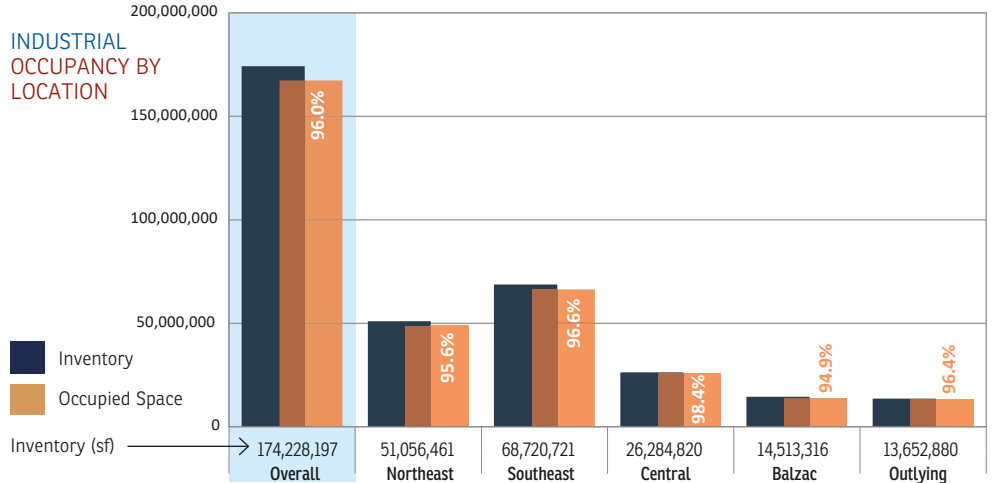


The Greater Calgary & Area (GCA) industrial market showed continued signs of easing overall vacancy in the first quarter of 2024. The GCA availability rate moved up slightly from the end of last year, reaching 5.5% and vacancy – space without a headlease in place – rose to 4%. Q1 '24 marked the third consecutive quarter of increasing vacancy and availability and while both metrics remained well below the low-7% recorded just before the COVID-19 pandemic, we view both as likely to continue ticking upwards in the near future and bringing the greater Calgary area industrial market into a balanced market.

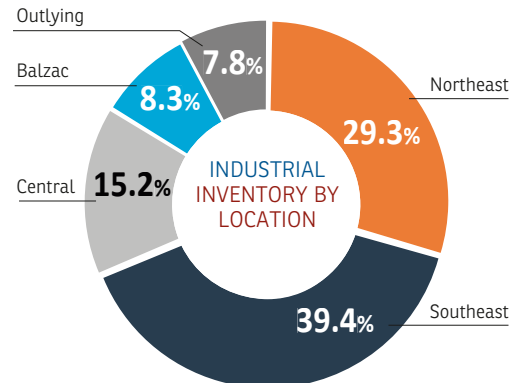
The primary driver of the uptick continued to be the introduction of new inventory, which totalled more than 2.4 million square feet of industrial product being delivered during the first quarter of the year. The ongoing story from 2023 was that, while the vast majority of both newly delivered and soon-to-be-delivered space had largely been spoken for, the remaining portions continued to slowly but surely provide a little more breathing room in what was already a tight market until mid-2023.

By Area

NORTHEAST	4.4% ↑ VACANCY	5.2% ↓ AVAILABILITY
SOUTHEAST	3.4% ↑ VACANCY	5.1% ↓ AVAILABILITY
CENTRAL	1.6% ↓ VACANCY	2.5% ↓ AVAILABILITY
BALZAC	5.1% ↓ VACANCY	8.2% ↓ AVAILABILITY
OUTLYING	3.6% ↑ VACANCY	5.4% ↑ AVAILABILITY



While approximately two-thirds of this new space was pre-leased – leading to 1.5 million square feet of absorption during the first quarter – the balance of space has led to increased available inventory. Balzac was once again the dominant market for new supply, with more than one-third of new inventory being introduced there. With this new supply continuing to outpace overall leasing volume, a now-evident correction in the large-bay space has spurred increased competition among landlords. Users of large-bay space are gaining more negotiating power now that a wider variety of options



**CALGARY & AREA
INDUSTRIAL
COMPLETION
SUMMARY**

Market	Property Name	Location	Building Size (sf)	Completed	Developer
Outlying	Nose Creek Business Park - Bldg. G	Rocky View County	474,000	Q1 2024	BentallGreenOak
	CityLink Logistics Centre - Building 2	Rocky View County	543,000	Q1 2024	Hopewell Development
	Interlink Logistics Park - Building 2A	Balzac	534,000	Q2 2024	Hopewell Development
Balzac	Crossroads Corner - Building 1	Balzac	210,000	Q1 2024	Dream Developments
	Stoney North Logistics Centre - Building 1	Balzac	468,000	Q1 2024	Enright
	Stoney North Logistics Centre - Building 2	Balzac	243,000	Q1 2024	Enright
TOTAL			2,472,000 sf		

**CALGARY & AREA
CONSTRUCTION
SUMMARY**

Market	Property Name	Location	Building Size (sf)	Expected Completion	Developer
Balzac	Sysco - Nose Creek Build-To-Suit	Balzac	382,000	Q2 2024	BentallGreenOak
	Five66: Bldg C	Balzac	83,000	Q3 2024	Beedie
	Five66: Bldg D	Balzac	68,000	Q3 2024	Beedie
	Balzac 50 Light Industrial	Balzac	650,000	Q3 2024	Dream Developments
Southeast	Project Starfield: Bldg 4	Starfield	178,000	Q2 2024	Triovest
	Project Starfield: Bldg 5	Starfield	195,000	Q2 2024	Triovest
TOTAL			1,556,000 sf		

are available to choose from and the market for this subset is approaching a state of equilibrium versus the previous few years. The small-bay and medium-bay markets on the other hand, remained extremely tight due to a lack of development and consistently strong – with early indications of further strengthening – demand. The largely unchanged small-bay and medium-bay inventories have left prospective tenants with limited options and this is creating a very competitive environment for users seeking space in the 7,500 square foot and under size range.

We anticipate that user demand will continue to be on par with the introduction of new industrial space, continuing to slowly impact vacancy as the last of the new product in the pipeline works its way through and hits the market. As noted in our chart, there is just over 1.5 million square feet of pending inventory remaining and expected through the duration of the year. ■

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



Campbell Soup Company leased 274,000 square foot in Interlink Logistics Park – Building 2A.



REV Engineering Ltd leased 88,000 square foot at 5616 80th Avenue SE.



Continental Tire leased 70,000 square foot in Great Plains Industrial Park – Building 1.



Wonder Brands leased 37,000 square foot in Starfield Logistics Centre – Building 1.

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