

Greater Calgary & Area's Year-end Industrial Landscape

Industrial Market Analysis

Greater Calgary & Area • Year-end 2023

Overall

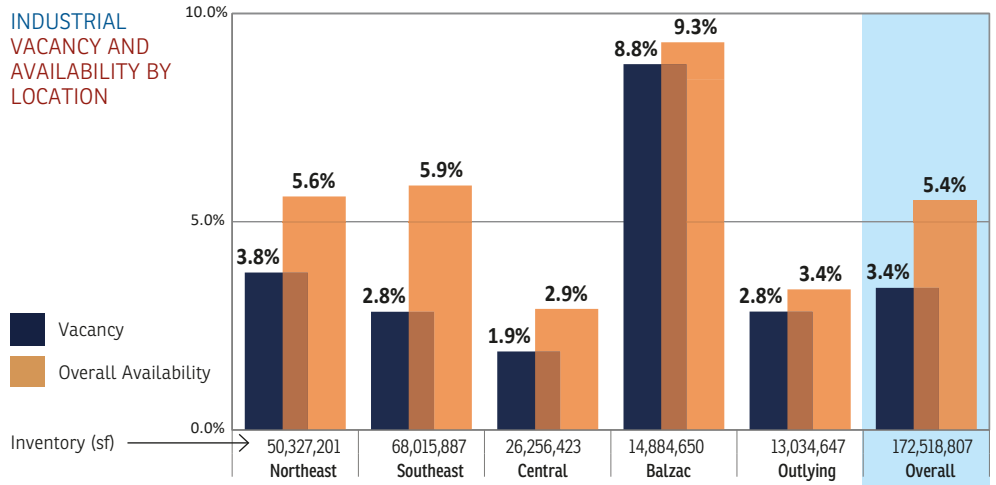
3.4%	VACANCY RATE (Space marketed for headlease)
2%	BALANCE OF AVAILABLE SPACE (Space marketed for sublease/sub-sublease, etc.)
5.4%	AVAILABILITY (Total amount of space available for lease/sublease, etc.)

The Greater Calgary & Area (GCA) industrial market remained tight but showed continued signs of easing in the final quarter of 2023, with the overall availability rate moving up notably from the third quarter. The primary driver of the uptick was more than 2.4 million square feet of new industrial product being delivered during the final quarter of the year. The ongoing story of 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 some breathing room in what had become a very constricted market.

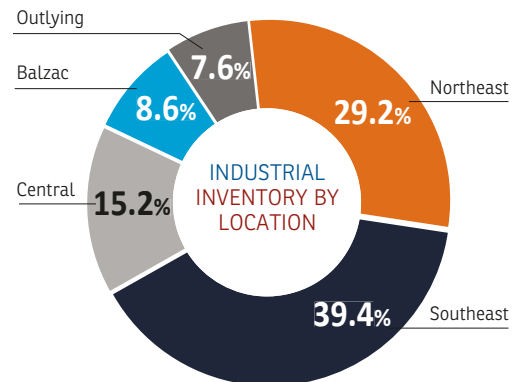
The GCA industrial market experienced an uptick in availability through the final quarter of 2023, rising to 5.4% overall. Leasing activity slowed to a historically normalized pace, causing an increased volume of uncommitted space to hit the market while new product was delivered en masse. That new inventory, combined with an overall increase in sublease offerings, produced an uptick in overall availability.

By Area

NORTHEAST	3.8% VACANCY	5.6% AVAILABILITY
SOUTHEAST	2.8% VACANCY	5.9% AVAILABILITY
CENTRAL	1.9% VACANCY	2.9% AVAILABILITY
BALZAC	8.8% VACANCY	9.3% AVAILABILITY
OUTLYING	2.8% VACANCY	3.4% AVAILABILITY



With the vacancy rate increasing to above the 3% mark, signs became quite clear that the GCA industrial market was indeed trending toward a balanced market – considered to be approx. 5%. While the general positioning of the GCA market for additional growth remains strong, the fervor that sparked a large volume of speculative construction has diminished. The pipeline of pending inventory remains quite large as noted in the table on the reverse page, and we're of the view that while a substantial portion of that coming space is pre-leased and pre-sold, a strong near-term bump in demand that will stymie the trend noted above is not anticipated.



**CALGARY & AREA
INDUSTRIAL
COMPLETION
SUMMARY**

Market	Property Name	Location	Building Size (sf)	Completed	Developer
Northeast	Stonegate Industrial Building - 5A	Stonegate	347,000	Q3 2023	ONE properties
	Stonegate Industrial Building - 5B1	Stonegate	216,000	Q3 2023	ONE properties
Southeast	68th Street Logistics Park Buildings 1 & 2	Point Trotter	670,000	Q4 2023	Panattoni
	CT Dufferin Building	Dufferin	350,000	Q4 2023	CT REIT
	Great Plains Expansion	Great Plains	220,000	Q4 2023	Triovest
Balzac	Five66: Bldg A	Balzac	84,000	Q4 2023	Beedie
	Five66: Bldg B	Balzac	76,000	Q4 2023	Beedie
	Nose Creek Business Park - Building H	Balzac	209,000	Q4 2023	BentallGreenOak
	Nose Creek Business Park - Building G	Balzac	474,000	Q4 2023	BentallGreenOak
	Hub Logistics Centre - Building 1	Balzac	210,000	Q4 2023	Hopewell Development
	Hub Logistics Centre - Building 2	Balzac	132,000	Q4 2023	Hopewell Development
TOTAL			2,988,000 sf		

**CALGARY & AREA
CONSTRUCTION
SUMMARY**

Market	Property Name	Location	Building Size (sf)	Expected Completion	Developer
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
	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
	Interlink Logistics Park - Building 2A	Balzac	534,000	Q2 2024	Hopewell Development
	Balzac 50 Light Industrial	Balzac	650,000	Q3 2024	Dream Developments
Outlying	CityLink Logistics Centre - Building 2	Rocky View County	543,000	Q2 2024	Hopewell Development
Southeast	Project Starfield: Bldg 4	Starfield	178,000	Q2 2024	Triovest
	Project Starfield: Bldg 5	Starfield	195,000	Q2 2024	Triovest
TOTAL			3,554,000 sf		

Building on our observation in the third quarter – in which we viewed the then nearly nonexistent sublease market as poised to expand – we noted through the fourth quarter that tenants began to reevaluate their space needs and reduce accordingly after years of expansion. As a consequence, sublease space represented approximately 24% of available space at the end of 2023.

The overall upside to the slowed pace of activity was a coinciding slowing of rent growth – particularly for users of mid-size and large-bay spaces where demand was weakest. This category accounted for more than one-third of vacant space in the GCA and as such, we anticipate rental rates will remain flat into the near future. The small-bay market however, saw conditions continue to tighten and rent relief did not manifest. ■

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



Continental Tire Canada Inc. renewed their 150,000 square foot lease at 5800 –79th Avenue SE



Lennox Industries renewed their 145,000 square foot lease at 5350 – 86th Avenue SE



Beaulieu Canada Ltd. extended by 83,000 square foot lease at 5353 –72nd Avenue SE



Trade Space leased 70,000 square foot lease in 2360 Portland Street Depot.

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