

Greater Calgary & Area's Third Quarter Industrial Landscape

Market Analysis Q3 2025

QUARTERLY STATS - Q3 2025

Overall

96.1% +0.8% OVERALL OCCUPANCY RATE
(Total leased space)

3.9% -0.8% OVERALL VACANCY RATE
(Space marketed for headlease only)

5.3% -1.3% OVERALL AVAILABILITY
(Total amount of space available for headlease, sublease and sub-sublease)

By Area

NORTHEAST **3.5%** -1.2% VACANCY
4.7% -1.7% AVAILABILITY

SOUTHEAST **3.5%** -0.2% VACANCY
6.2% -0.2% AVAILABILITY

SOUTH CENTRAL **1.7%** -0.2% VACANCY
2.6% +0.2% AVAILABILITY

BALZAC **9.5%** -1.5% VACANCY
11.2% -2.5% AVAILABILITY

OUTLYING **7.4%** -1.8% VACANCY
7.9% -1.8% AVAILABILITY

By Size (Calgary)

0-5,000 SF **1.1%** -0.3% VACANCY

5,001-17,500 SF **1.9%** -0.3% VACANCY

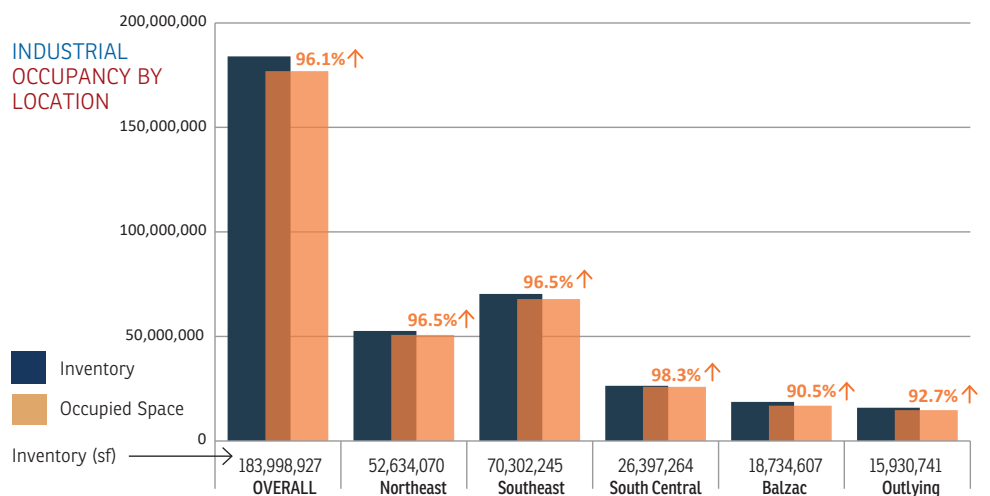
17,500+ SF **5.0%** +0.1% VACANCY

Source: CoStar

Calgary's industrial market posted another quarter of strong performance. Vacancy is back on the downtrend, large-format spaces are being leased, and the city continues to support a vibrant industrial sector underpinned by a stabilizing political climate, easing interest rates, and a steadily diversifying economy.

Market Sentiment

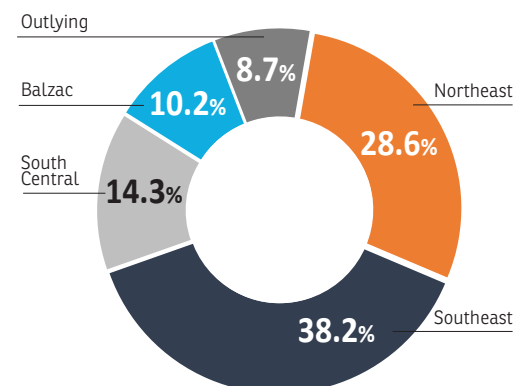
The Greater Calgary Area industrial market continued its solid performance this quarter, with overall occupancy increasing across all quadrants. Both vacancy (space available for headlease) and total availability (headlease and sublease space) declined through the third quarter of 2025.



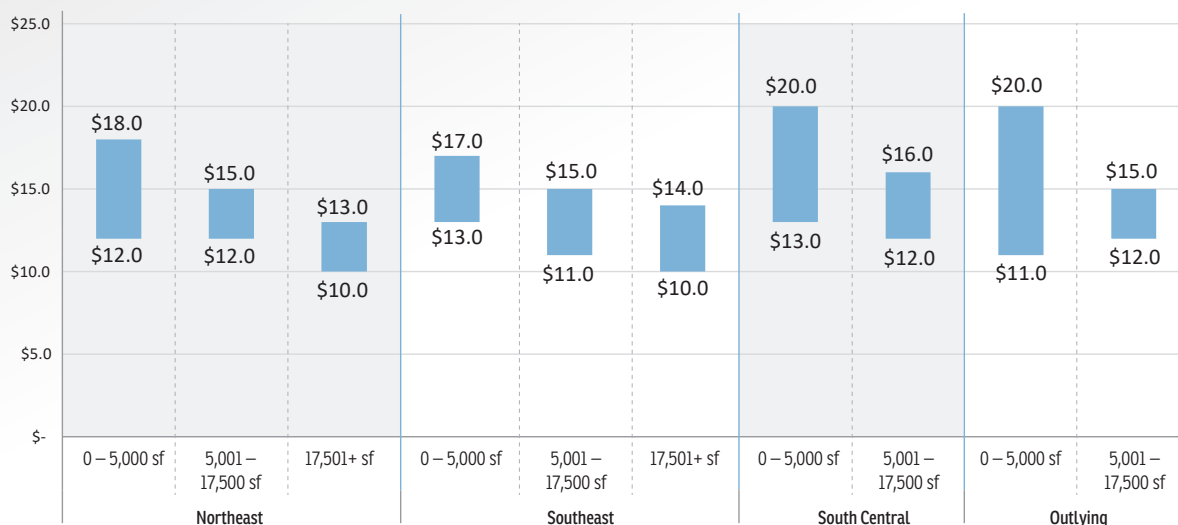
This sustained upward trend reflects leasing activity catching up to absorb the additional inventory delivered during the development boom at the end of 2024. Overall occupancy has now returned to last year's year-end level of 3.9%. Over the past year, vacancy has remained relatively stable, aside from a brief surge in Q2 when it peaked at 4.7%. That rise stemmed from new completions and evolving tenant requirements rather than any softening of market activity.

Vacancy has declined most notably in the Northeast quadrant, Balzac, and the outlying areas. The Northeast saw a

INDUSTRIAL INVENTORY BY LOCATION



**AVERAGE
ASKING RATES
BY LOCATION
AND SIZE**



reduction of 120 basis points, while Balzac posted a more significant 150-basis-point (1.5%) decrease in available space, signaling strong market momentum in those nodes. Space in the outlying areas has decreased by 180 basis points quarter over quarter. As shown in the vacancy trend chart, the decline from Q2's temporary peak highlights the market's ability to rapidly absorb new supply.

Average asking rates have remained stable across most quadrants, with moderate upward pressure observed in Balzac as demand for modern logistics facilities continues to grow.

Leasing Drivers

Leasing activity remains concentrated in small to mid-sized bays, with vacancy at 1.1% for units under 5,000 square feet, 1.9% for spaces between 5,000 and 17,500 square feet, and 5.0% for units exceeding 17,500 square feet. This pattern reflects persistent demand from smaller tenants and limited new supply of small-bay product, while larger-format spaces face slower absorption as occupiers adjust their desired space requirements.

Developers have maintained a measured pace following last year's record construction levels. The current pipeline remains

healthy but more restrained, promoting balance between supply and demand.

Increased leasing activity played a significant role in this quarter's strength. Notable contributions from under-construction and newly completed inventory include Dollarama's 1.6 million square foot distribution centre in Balzac, Flair Flexible Packaging Corporation's second Calgary plant adding 35,000 square feet of warehouse and production space, and Pet Valu Holdings' official opening of its 295,000 square foot distribution centre in Balzac, creating over 100 new jobs.

In the southeast quadrant, the Lineage Cold Storage expansion added over 200,000 square feet to its existing facility. Vancouver-based RCG Group also commenced construction on Gateway 290 – a 329,000 square foot warehouse in Balzac's High Plains Industrial Park – one of the largest Calgary-area projects currently underway without a pre-committed tenant. These developments reflect sustained investor confidence supported by Calgary's low vacancy rates and competitive land and development costs.

Outlook

Calgary's industrial fundamentals remain robust. Strong tenant demand, particularly from logistics and manufacturing users, continues to drive absorption and reinforce investor confidence. With vacancy trending below 4% and lease rates holding firm, the market is expected to maintain its competitive conditions through year-end. ■

**SIGNIFICANT
MOVES,
ANNOUNCEMENT
AND NOTABLE
TRANSACTIONS:**



PACCAR Inc. leased 233,400 sq. ft. in Nose Creek Business Park – Building D



Future Transfer Co. leased 196,300 sq. ft. in East Foothills – Building 3

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