

Greater Calgary & Area's Year-End Industrial Landscape

Market Analysis Q4 2025

QUARTERLY STATS - Q4 2025

Overall

96.5% +0.4% OVERALL OCCUPANCY RATE (Total leased space)

3.5% -0.4% OVERALL VACANCY RATE (Space marketed for headlease only)

5.2% -0.1% OVERALL AVAILABILITY (Total amount of space available for headlease, sublease and sub-sublease)

By Area

NORTHEAST **3.4%** -0.1% VACANCY
5.0% +0.3% AVAILABILITY

SOUTHEAST **3.3%** -0.2% VACANCY
5.7% -0.5% AVAILABILITY

SOUTH CENTRAL **1.4%** -0.3% VACANCY
2.4% -0.2% AVAILABILITY

BALZAC **6.1%** -3.4% VACANCY
7.7% -3.5% AVAILABILITY

OUTLYING **5.2%** -2.3% VACANCY
6.3% -1.6% AVAILABILITY

By Size (Calgary)

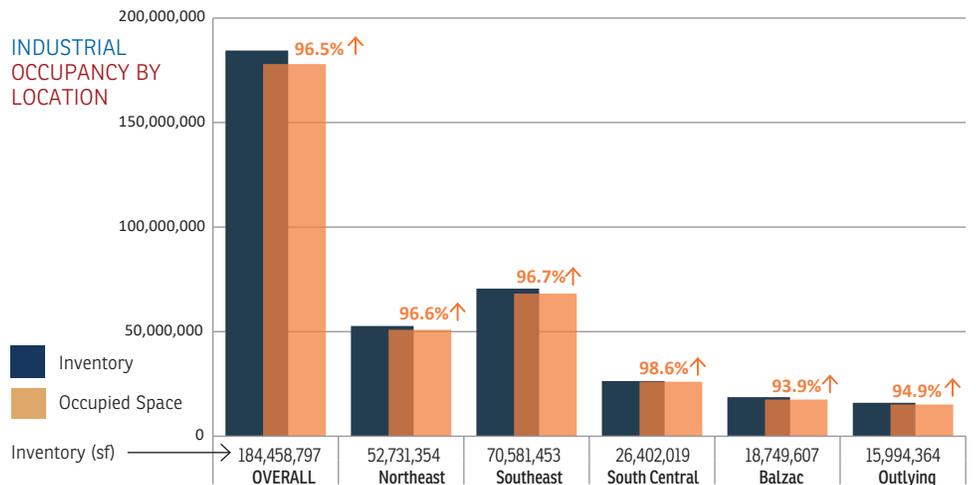
0-5,000 SF **0.98%** -0.1% VACANCY

5,001-17,500 SF **1.57%** -0.3% VACANCY

17,500+ SF **5.0%** NO CHANGE VACANCY

Source: CoStar

The industrial market experienced a resilient year in 2025. Beginning the year with a surplus of inventory, market momentum remained strong, and much of that space has since been absorbed—with the reported vacancy at 3.5%. Early in the year, the market faced uncertainty driven by broader socio-economic policy concerns; however, with interest rates stabilizing, brokers are now reporting renewed confidence among industrial tenants. The Greater Calgary Area (GCA)'s industrial market remained firm and steady, continuing to rank among the strongest industrial sub-markets in Canada.

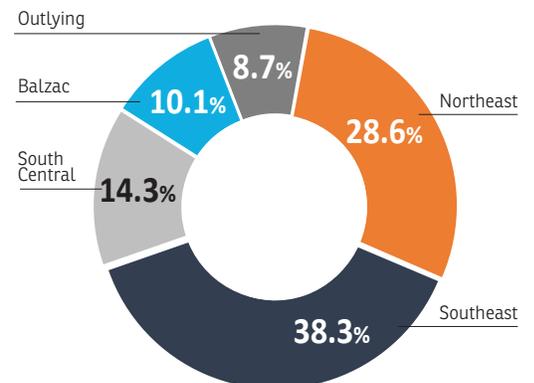


Market Sentiment

Since Q1 2025, vacancy has trended downward quarter over quarter, with the exception of a brief increase in Q2. The interim surge reflected a combination of new completions and evolving tenant requirements rather than a deterioration in market fundamentals. Year-end 2024 vacancy stood at 3.9%, compared to the current vacancy rate of 3.5%. Overall availability – defined as space marketed for both headlease and sublease – now sits at 5.2%.

While vacancy declined over the course of the year, overall availability increased

INDUSTRIAL INVENTORY BY LOCATION



AVERAGE ASKING RATES BY LOCATION AND SIZE



modestly to 1.7%. This shift reflects a reduction in sublease activity compared to earlier quarters, signaling improved tenant confidence and greater stability across the market.

Notable changes were observed in Balzac and other outlying areas, where vacancy and availability declined. Balzac recorded a 340-basis-point reduction in vacancy, highlighting sustained tenant demand and the growing cost competitiveness of locations outside Calgary's city limits. Although sublease activity has declined within Calgary, Balzac and Outlying areas experienced similar improvements, with availability falling by 350 and 160 basis points to 7.7% and 7.9% respectively.

Tenant Activity

Tenant demand remains resilient, with consistent leasing activity across most size categories. As noted in previous reports, activity continues to be concentrated in small- to mid-sized bays. Availability for spaces under 5,000 square feet has fallen below 1%, underscoring the severe scarcity of product in this

segment. In response, developers are increasingly prioritizing small- and mid-sized demising options within larger-format buildings to better align with tenant needs. Mid-sized spaces offer slightly greater selection, with vacancy reported at 1.57%. Meanwhile, market sentiment indicates a gradual increase in the availability of large-format space, rising from 3.76% in Q1 to 5.00% in Q4.

This quarter also marked the Alberta Government's introduction of new legislation aimed at incentivizing self-powered AI data centres. At the federal level, Canada continues to position itself as an attractive destination for data centre development, supported by comparatively affordable land, accessible power infrastructure, and a colder climate that enhances operational efficiency.

Outlook

Looking ahead, Calgary's industrial market is expected to remain on a positive trajectory. Vacancy rates are anticipated to continue trending downward, supported by steady tenant demand and limited availability across key size segments. ■

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



Electrolux leased 246,323 sq. ft. in CrossIron Distribution Centre – Building 1



Scott Springfield leased 251,850 sq. ft. in Citylink Logistics Centre – Building 2

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