



# Calgary industrial market report

Q1 2024

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**AVISON  
YOUNG**

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# Calgary industrial market fundamentals

**4.4%**

total vacancy  
up 0.8% from Q4

**5.2%**

availability rate  
down 0.1% from Q4

**0.8%**

sublease vacancy rate  
up 0.2% from Q4

**-164,900**

square feet (sf) of absorption Q1  
4.4 million sf year-over-year

**1.2M**

sf of completed projects  
49% pre-leased

**2.8M**

sf under construction  
11 projects

# Calgary industrial market trends

## 01.

### **Vacancy rising as market rebalances**

Calgary's overall industrial vacancy rate increased to 4.4% in Q1 2024, up 0.8% from Q4 2023 and 2.1% from one year ago. With the delivery of over 8 msf of space in 2023, the balance between supply and demand has stabilized, but the small bay industrial market remains tight. This is exacerbated by a limited development pipeline for new product, and the robust demand for a finite supply of existing spaces.

As new developments are nearing completion, we expect to see a healthier equilibrium on the market, propelled by increasing vacancy rates. The market has observed an average vacancy rate of +/-6% over the past decade.

## 02.

### **Upward pressure on rental rates eases**

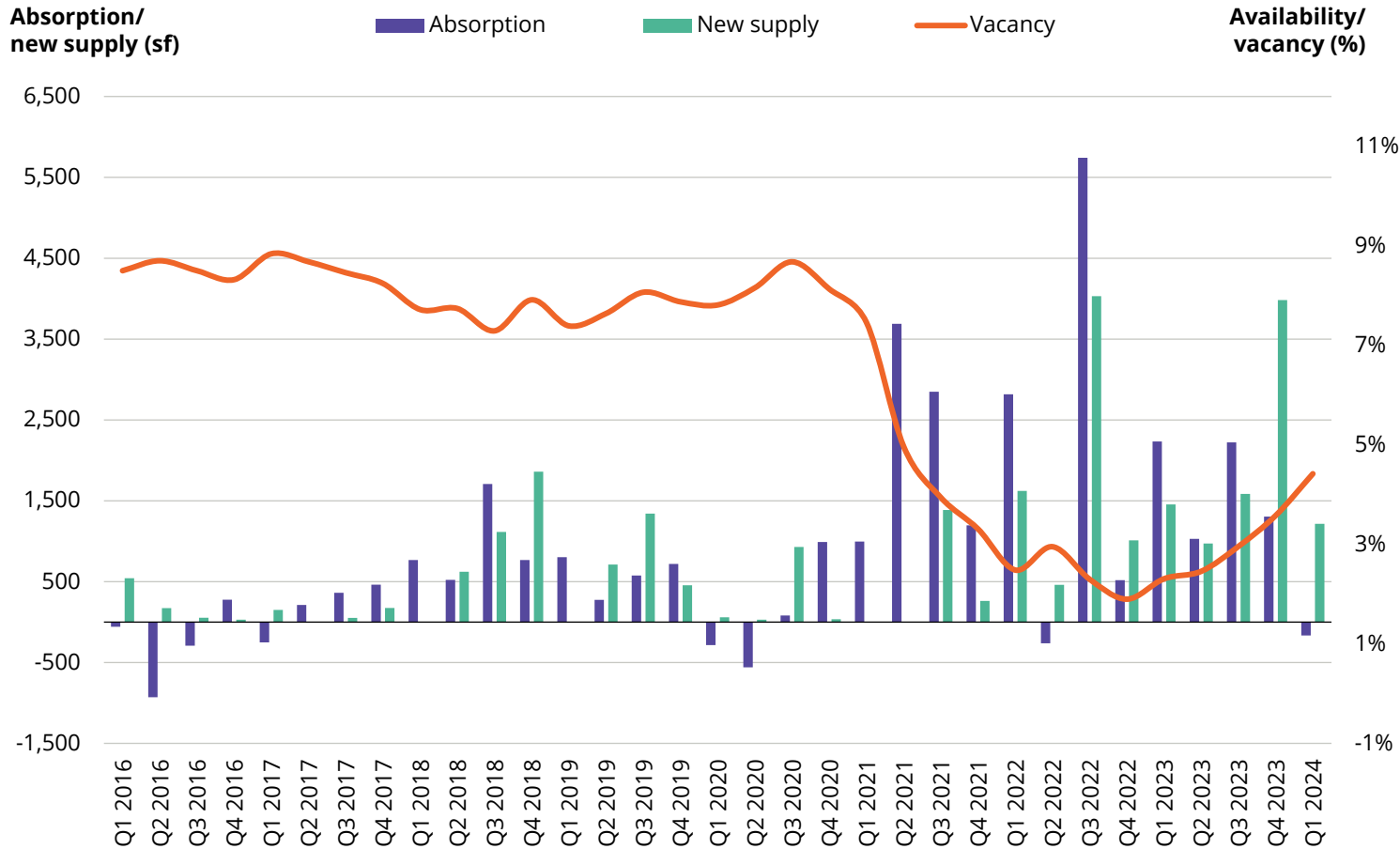
After approximately two years of steady rental rate growth, average asking rents are beginning to stabilize across the market. While overall rates are flattening, they are not expected to face downward pressure in the foreseeable future as demand in the market remains strong. However, rates are expected to keep rising in the small-bay segment, as options under 20,000 sf remain limited and the upward pressure is expected to continue. This could result in more users choosing to purchase their own property rather than facing increasing rates.

## 03.

### **New supply anticipated in 2024 to meet demand**

Calgary has experienced an unprecedented amount of new industrial construction deliveries over the past two years, as approximately 15 msf were added to the inventory. Consequently, the number of properties currently under construction and in proposal stages has waned. The development pipeline currently sits at 2.8 msf, compared to 5.9 msf at this time last year. The Calgary region is well positioned to meet future demand due to the relatively quick permitting process compared to other major markets along with the scale of permit-ready development sites to build on.

# Historic industrial market trends



**Vacancy has continued to rise since reaching a record low in late 2022. We anticipate a return to historic averages.**

Source: Avison Young

# Submarket vacancy

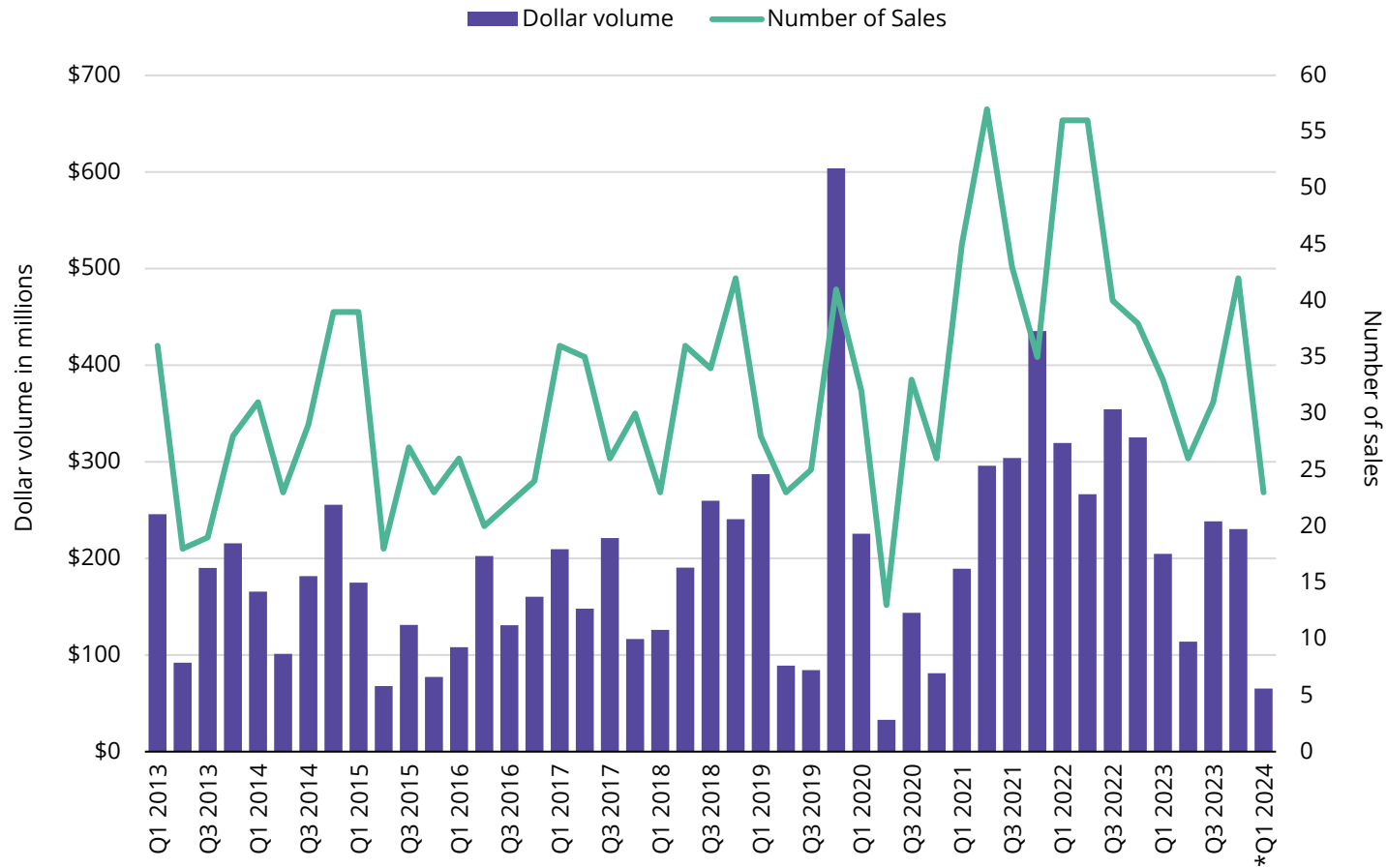


**Vacancy increases have been observed across all submarkets except for South Central.**

Source: Avison Young



# Investment volume for industrial buildings



Source: Altus Group Compiled by: Avison Young \*as of April 24th, 2024  
(\$CAD, Excluding Non-Arms Length Transactions, Transactions valued >= \$1M CAD)

**Down from the record high annual volume recorded in the previous two years, industrial sales activity remains strong.**

# Calgary industrial market activity

## Notable leasing transactions

Address	Building Name	Park	Tenant	Size (sf)	Lease type
292179 Nose Creek Boulevard	Interlink 2A	Balzac	Campbell's	274,000	Headlease
490 Carmek Drive	Citylink Logistics Centre	84 <sup>th</sup> Street	Scott Springfield	252,000	Headlease
4100 106 <sup>th</sup> Avenue SE	Eastlake Portico "C"	Eastlake	Falkbuilt	88,000	Renewal
5616 80 <sup>th</sup> Avenue SE	N/A	Great Plains	REV Engineering	88,000	Headlease

## Major industrial buildings transactions

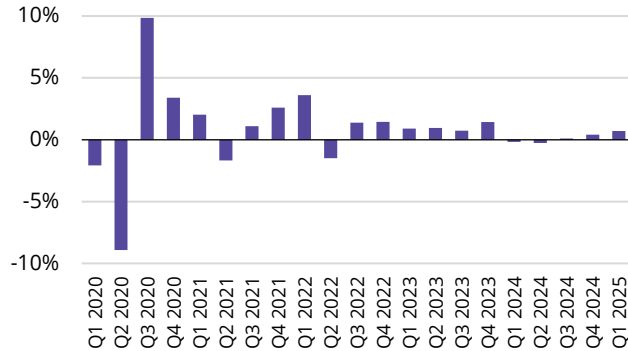
Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
2255 29 <sup>th</sup> Street NE	CP REIT	Jan 2, 2024	\$50,340,000	\$118	Shoppers Realty Inc.
2222 16 <sup>th</sup> Avenue NE	Private Buyer	Feb 6, 2024	\$17,075,000	\$188	Private Seller
8815 44 <sup>th</sup> Street SE	Private Buyer	Feb 6, 2024	\$6,750,000	\$314	8815 Holdings Ltd.
6404 Burbank Road SE	Private Buyer	Jan 23, 2024	\$6,300,000	\$290	Rupert's Developments Inc.

## Major industrial land transactions

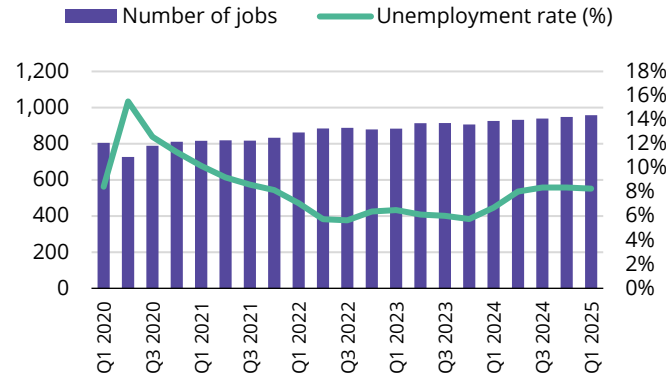
Location	Buyer	Sale date	Sale price	Price per acre	Seller
5115 110 <sup>th</sup> Avenue SE	York Realty	Jan 2, 2024	\$32,878,000	\$860,680	Enright capital Ltd.
300 High Plains Landing	High Plains REM Inc.	Jan 8, 2024	\$9,599,600	\$515,000	Highfield Investment Group Inc.
20/21 Freeport Place NE	Private Buyer	Jan 8, 2024	\$4,200,000	\$1,261,261	Private Seller
4120 67 <sup>th</sup> Avenue NE	Punjab Driving Academy Inc.	Jan 27, 2024	3,100,000	\$754,258	Private Seller

# Calgary economic snapshot

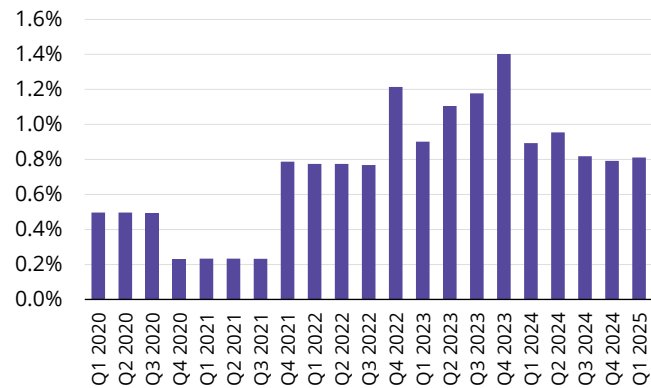
GDP growth (%)



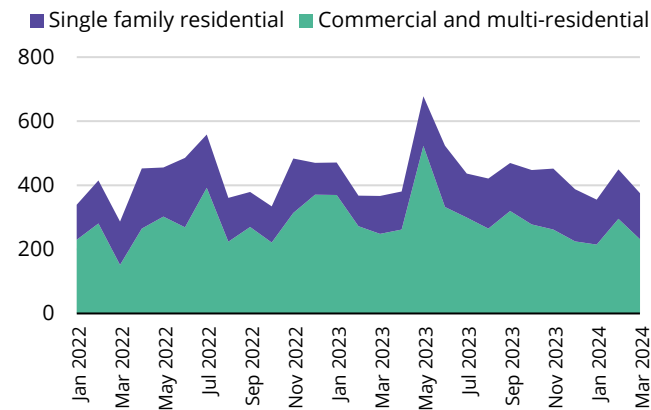
Employment growth (000 and %)



Population growth (%)



Investment in construction (millions \$)

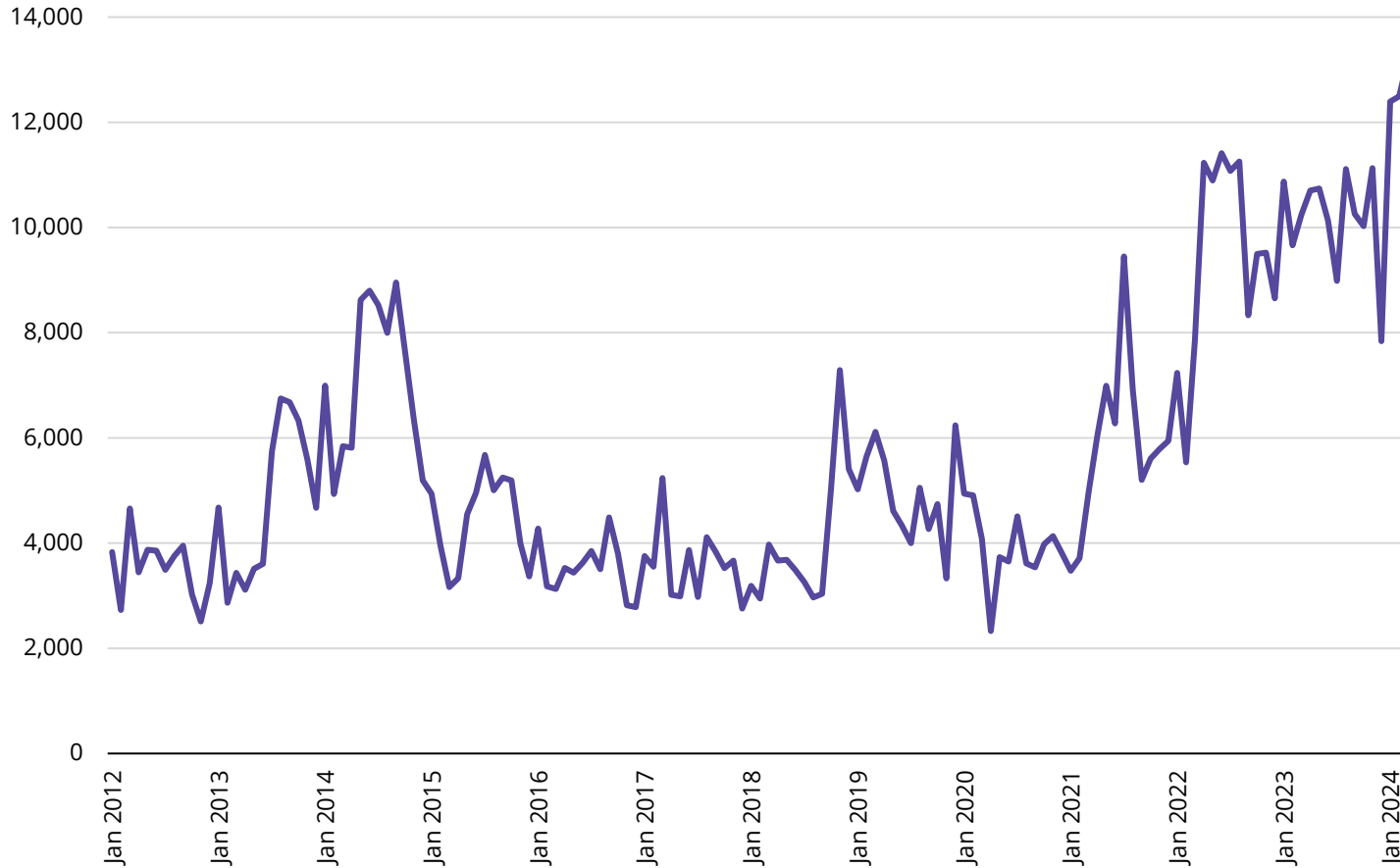


**GDP growth will follow a slow and steady recovery in 2024. Meanwhile, the population influx will present many challenges and opportunities.**



# Calgary job postings

New job postings Calgary overall



Source: Statistics Canada

**Calgary continues to observe a steady rise in job posting volumes as Alberta gains record numbers of new migrants.**

For more market insights and information visit **avisonyoung.ca**

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