

Greater Calgary & Area's Second Quarter Industrial Landscape

Market Analysis Q2 2024

Overall

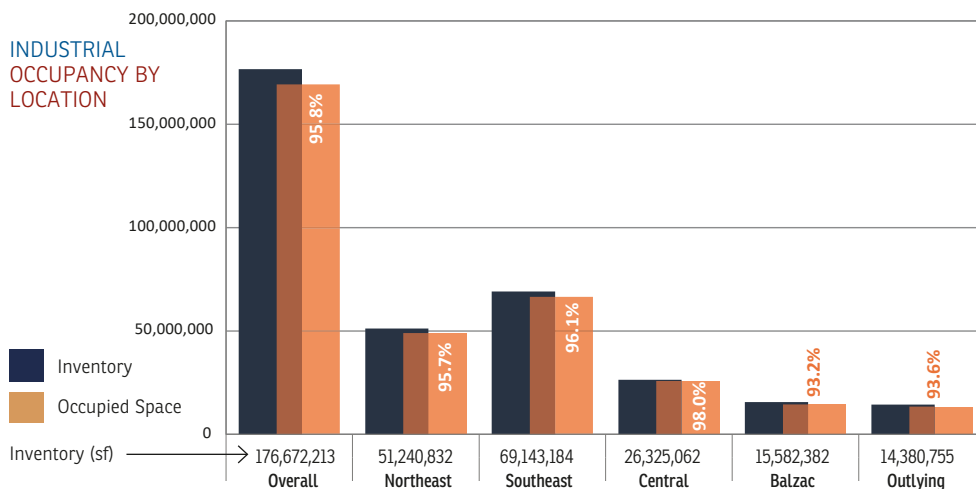
4.2% ↑	VACANCY RATE (Space marketed for headlease)
1.8% ↑	BALANCE OF AVAILABLE SPACE (Space marketed for sublease/sub-sublease, etc.)
6% ↑	AVAILABILITY (Total amount of space available for lease/sublease, etc.)

The Greater Calgary & Area (GCA) industrial market showed continued signs of easing overall vacancy through the second quarter of 2024, quickly returning the market to historical averages. The GCA availability rate moved up slightly from the end of Q1, reaching 5.7% and vacancy – space without a headlease in place – rising to 4.3%. Q2'24 marked the fourth consecutive quarter of increasing vacancy and availability. With the overall volume of available sublease space increasing to just over 3 million square feet, we continue to take the view that the GCA industrial market is returning to a historically normalized condition.

A major contributor to the above-noted uptick continued to be the introduction of new inventory; the volume of which has been immense. In addition to the 2.47 million square feet of new industrial product delivered in Q1, a further 755,000 square feet reached completion in Q2. As vacant new supply – which is and has been primarily large-format space – becomes available, larger users have benefited from the additional options to choose from and have been in solid negotiating positions for more favourable

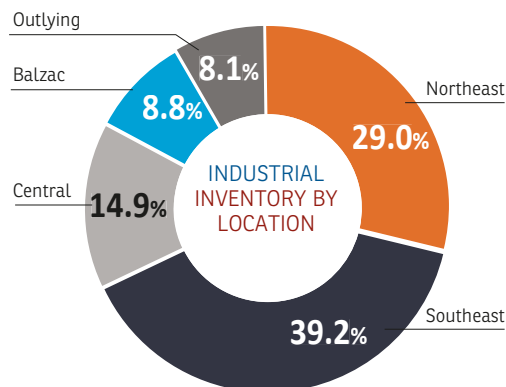
By Area

NORTHEAST	4.3% ↓ VACANCY	6% ↑ AVAILABILITY
SOUTHEAST	3.9% ↑ VACANCY	6.2% ↑ AVAILABILITY
CENTRAL	2% ↑ VACANCY	4% ↑ AVAILABILITY
BALZAC	6.8% ↑ VACANCY	7.5% ↓ AVAILABILITY
OUTLYING	6.4% ↑ VACANCY	7.1% ↑ AVAILABILITY



inducement packages. The largely unchanged small-bay and medium-bay inventories have left prospective tenants with limited options and this had created a very competitive environment for users seeking space in the 7,500 square foot and under size range.

As has been the case over the previous few quarters, while new product was substantially leased at the time of completion, the balance of space led to increased available inventory. Balzac was once again the dominant market for new supply, with the majority of new inventory being introduced there. As noted



CALGARY & AREA INDUSTRIAL COMPLETION SUMMARY

Market	Property Name	Location	Building Size (sf)	Expected Completion	Developer
Balzac	Sysco - Nose Creek Build-To-Suit	Balzac	382,000	Q2 2024	BentallGreenOak
Southeast	Project Starfield: Bldg 4	Starfield	178,000	Q2 2024	Triovest
	Project Starfield: Bldg 5	Starfield	195,000	Q2 2024	Triovest
TOTAL			755,000 sf		

CALGARY & AREA CONSTRUCTION SUMMARY

Market	Property Name	Location	Building Size (sf)	Expected Completion	Developer
Balzac	Balzac 50 Light Industrial	Balzac	650,000	Q3 2024	Dream Developments
	Calgary Logistics	Balzac	486,000	Q3 2024	Matthews Southwest, Tribal Partners, CN
	DREAM - Balzac50 Building 1	Balzac	354,000	Q3 2024	Dream Developments
	DREAM - Balzac50 Building 2	Balzac	296,000	Q3 2024	Dream Developments
	Five66 - Bldg A	Balzac	65,000	Q3 2024	Beedie
	Five66 - Bldg B	Balzac	55,000	Q3 2024	Beedie
	Five66 - Bldg C	Balzac	83,000	Q3 2024	Beedie
	Five66 - Bldg D	Balzac	68,000	Q3 2024	Beedie
Outlying	Hub Logistics Centre, Building 2	Balzac	317,000	Q3 2024	Anthem
	Charger Logistics	Rockyview	150,000	Q3 2024	Highfield Investment Group
	Frontier Distribution Centre	Rockyview	297,000	Q3 2024	Remington
	Frontier Place	Rockyview	149,000	Q4 2024	Remington
	Heatherglen	Rockyview	35,000	Q4 2024	Greystone Developments
	Mikhael Logistics / Hagen	Rockyview	201,000	Q4 2024	Highfield Investment Group
Southeast	Delta Construction & Siding Ltd. Bldg.	TBV	35,000	Q3 2024	Design Build
	Fastlane Transport Ltd. Bldg.	Point Trotter	39,000	Q4 2024	Design Build
TOTAL			3,280,000 sf		

in the construction table, the Balzac area will continue to be the primary location of new inventory for the duration of the current production cycle but as the construction pipeline nears its end there and throughout Calgary, we expect the spec-build boom will follow suit and any new product in the near future will focus primarily on design-build.

We further anticipate that user demand, which has decreased over the previous quarter due to increasing lease rates, will be below par with the introduction of the coming industrial space and this will continue to slowly increase vacancy through the balance of the year. As noted in our chart, there is just under 3.3 million square feet of pending inventory remaining and expected through the duration of the year. ■

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



General Mills leased 356,000 square foot at 6060 – 90th Avenue SE.



Scott Springfield leased 252,000 square foot in CityLink Logistics Centre Bldg. 1.



Treehouse (THS) Foods subleased 196,000 square foot in Oxford Airport Business Park Bldg. G.



Cool IT leased 114,000 square foot in iPort Starfield Logistics Park Bldg. 4.

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