



Calgary industrial market report

Q3 2024

**AVISON
YOUNG**

Calgary industrial market fundamentals

4.7%

total vacancy
up 0.2% from Q2 2024
and 1.7% from Q3 2023

5.8%

availability rate
up 0.7% from Q2 2024
and 1.5% from Q3 2023

1.2%

sublease vacancy rate
up 0.1% from Q2 2024
and 0.9% from Q3 2023

2.2M

square feet (sf) of absorption
1.6 msf YTD

1.8M

sf of completed project
2.9 msf YTD

1.8M

sf under construction
12 developments

Calgary industrial market trends

01.

Vacancy on the rise

In Q3 2024 Calgary industrial market saw a marginal increase in vacancy. The overall vacancy rate is up 0.2% from Q2 and 1.7% from this time last year, mostly due to significant new vacancies in new developments. Balzac and the Southeast saw the biggest vacancy increases and were the largest submarkets for new construction. Southeast vacancy now sits at 5.5%, with Balzac at 5.8%. Despite the increase in vacancy, user demand remained strong. The market's adjustment to the influx of new supply and the varying demand across different subtypes and locations within Calgary reflects a dynamic and evolving industrial landscape. As such, demand is growing for small and mid-bay properties, but for large-format warehouses and logistics centres as well.

02.

Lower interest rates to drive sales activity

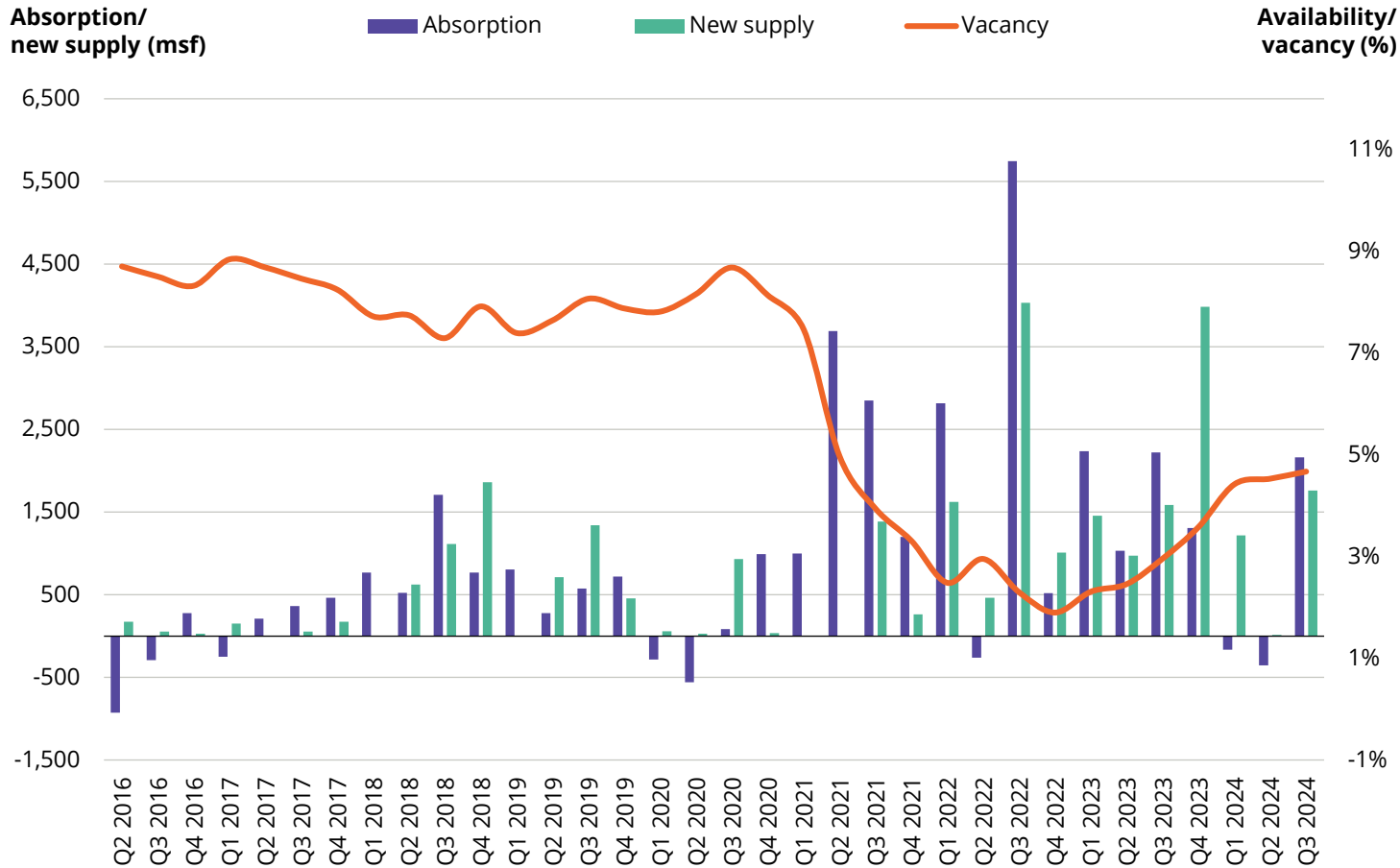
The steady decrease in interest rates has encouraged both vendors and purchasers to remain active, along with generating new interest in Calgary's industrial market. Vendors are capitalizing on the opportunity to realize premiums with increased rental rates, while purchasers, particularly owner-occupiers, benefit from lower borrowing costs. A boost to sale activity is anticipated in Q4 and continuing into 2025. The interest rate cuts have also facilitated the absorption of speculative developments, contributing to market stability and consistent leasing activity across various submarkets.

03.

Strong pre-leasing activity

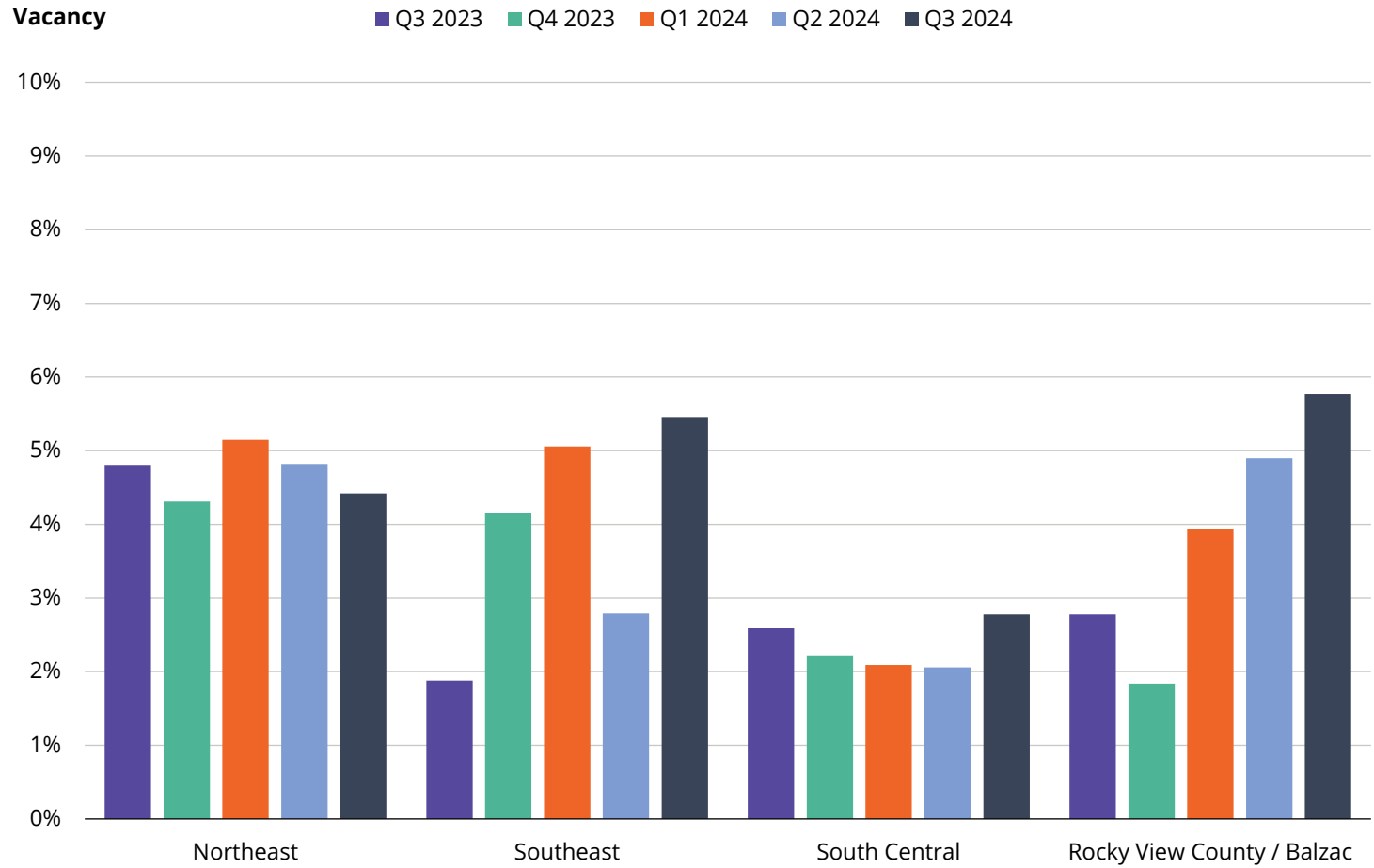
Q3 2024 saw substantial new supply deliveries in the Calgary industrial market, with six projects totaling nearly 1.8 msf of new space completed, approximately 40% of which was preleased. This influx of new supply contributed significantly to the positive net absorption for the quarter. However, the surge in new supply also led to upward pressure on the vacancy rate. The current level of under-construction inventory, approximately 1.8 msf, indicates a slowdown in new speculative developments. As these newly constructed spaces are leased, the vacancy rate is expected to stabilize. Roughly half of the under-construction projects have been preleased.

Historic industrial market trends



Despite a rebalancing of the market, leasing activity has remained strong. Absorption over the past four quarters has totaled 2.9 msf.

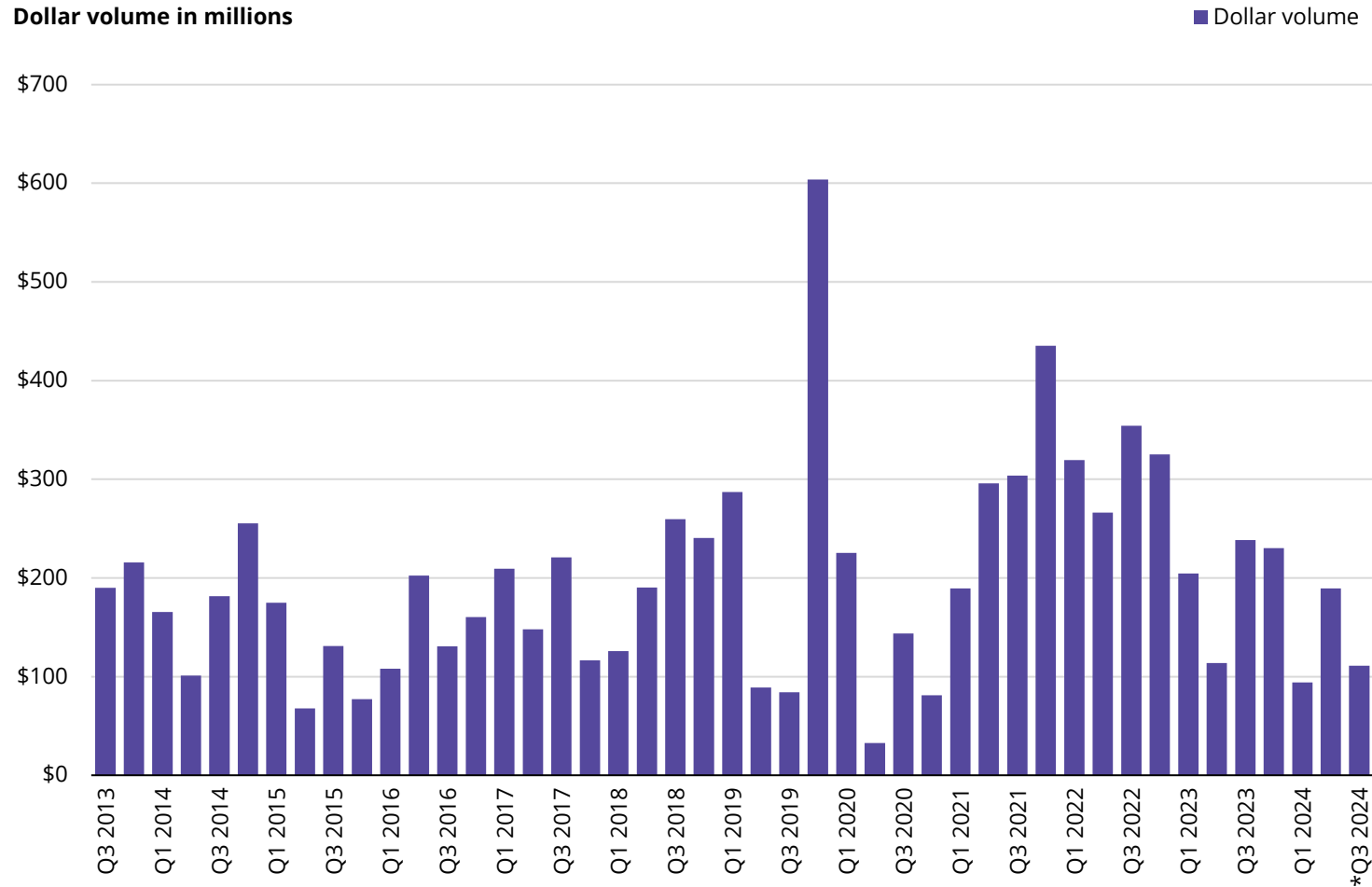
Submarket vacancy



Due to new vacant inventory added in Q3 2024, a significant vacancy increase was observed in Balzac and the Southeast.

Investment volume for industrial buildings

Dollar volume in millions

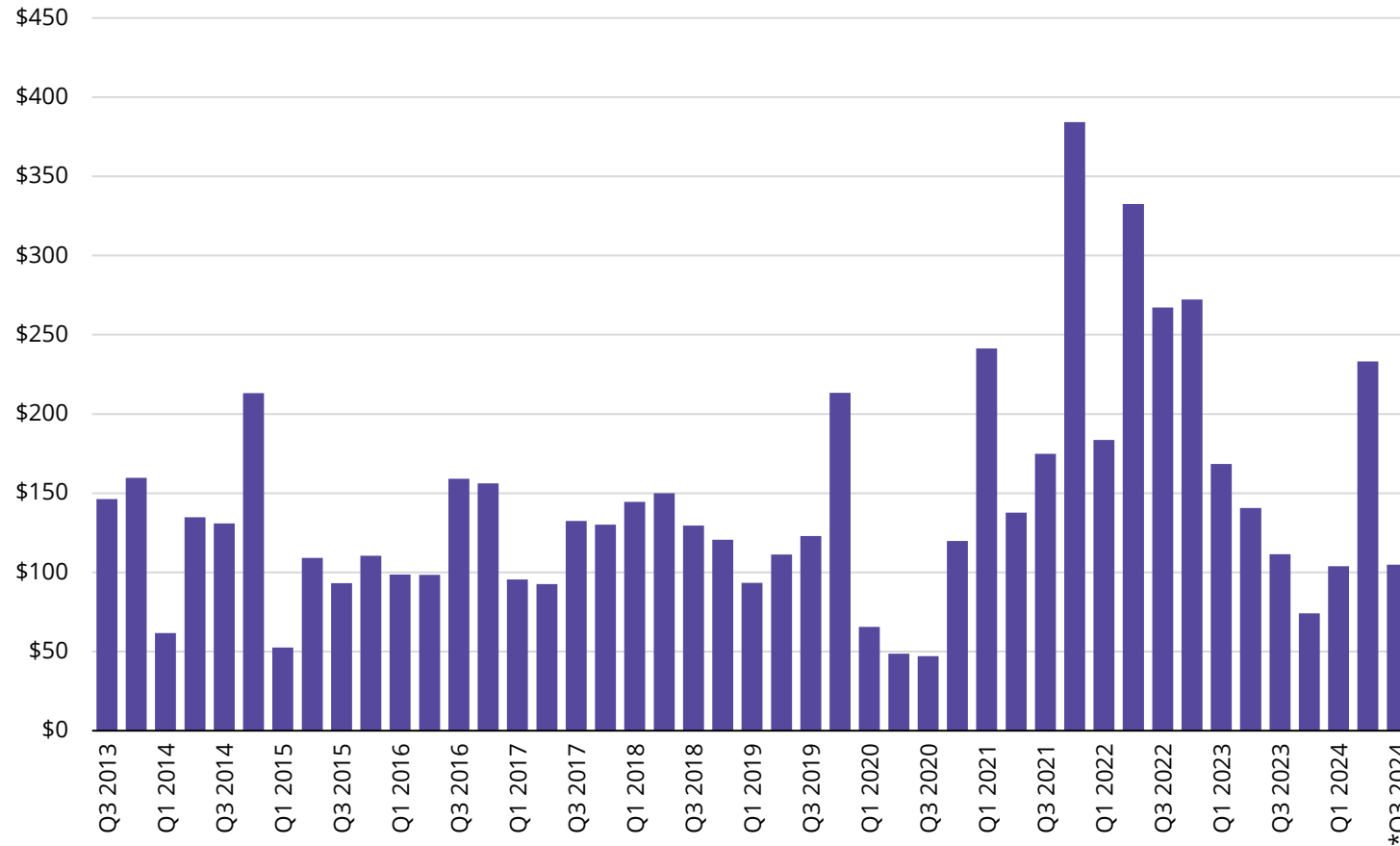


Year-to-date industrial building sales have totaled 126 transactions, amounting \$394 million.

Investment volume for industrial land

Dollar volume in millions

■ Dollar volume



YTD industrial land sales have totaled 109 transactions, amounting to a value of \$442 million.

Calgary industrial market activity

Notable leasing transactions

Address	Building Name	Park	Tenant	Size (sf)	Lease type
1625 – 100 Avenue NE	Oxford Airport Business Park L	Stoney 2	All Link Global Transportation	86,000	Headlease
292028 Crosspointe Road	Hopewell Crosspointe	Rocky View	Super Puft	86,000	Headlease
260085 Range Rd 293	Nose Creek Business Park	Nose Creek	Scott's Fertilizer	100,000	Headlease
260233 Range Road 292	CrossIron Distribution Centre	Balzac	PetValu	649,996	Headlease

Major industrial buildings transactions

Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
8700 Venture Avenue SE	Shepard 87 Ventures Inc.	July 24, 2024	\$18,000,000	\$200	1593289 Alberta Ltd.
12686 48 Street SE	2420699 Alberta Ltd.	August 8, 2024	\$16,200,000	\$151	Sun Life
315 Manitou Road SE	Modern Investments Inc.	July 17, 2024	\$14,000,000	\$192	Hyatt Auto Sales Ltd.
2008 48 Street SE	Hyatt Auto Sales Ltd.	July 13, 2024	\$10,000,000	\$33	PG-NOM (Alberta) Inc.

Major industrial land transactions

Location	Buyer	Sale date	Sale price	Price per acre	Seller
7720 40 Street NE	1863885 Alberta Ltd.	August 22, 2024	\$3,775,000	\$616,000	2427761 Alberta Ltd.
8515 44 Street SE	Panterra GLBH Properties Inc.	July 23, 2024	\$3,400,000	\$716,000	338949 Alberta Ltd.
7320 36 Street NE	2557075 Alberta Inc.	July 12, 2024	\$2,725,000	\$606,000	Shamsher Manji
5263 28 Avenue SE	1523032 Alberta Ltd.	August 19, 2024	\$1,020,000	\$785,000	Tribune Developments Inc.

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

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