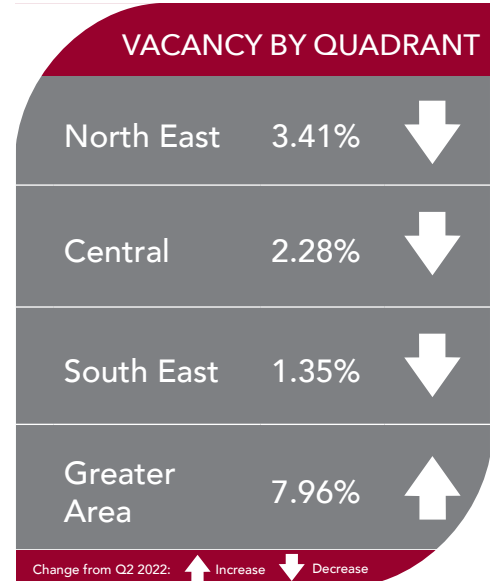
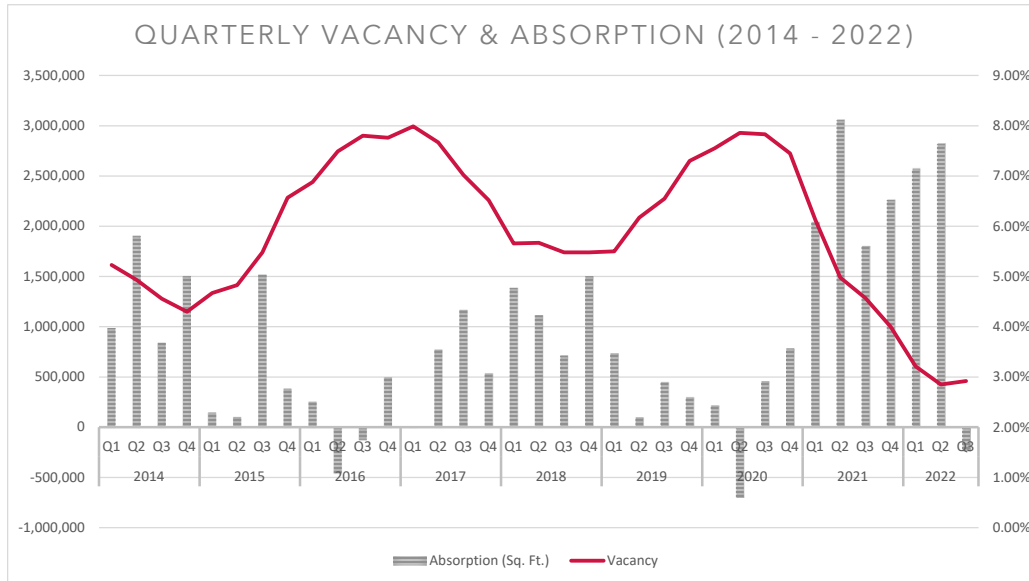


## VACANCY & ABSORPTION



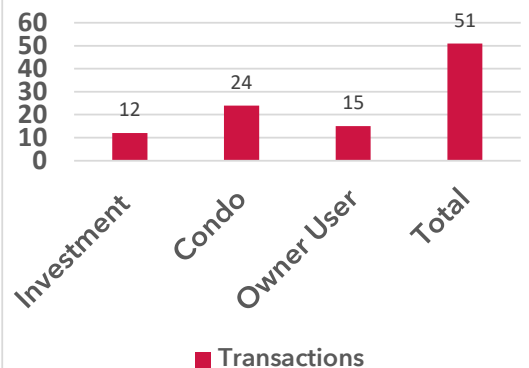
	Q3 2022	Q2 2021	Q1 2021	Q4 2021	Q3 2021
<b>VACANCY</b>	<b>2.92%</b>	<b>2.85%</b>	<b>3.21%</b>	<b>4.00%</b>	<b>4.57%</b>
QUARTERLY ABSORPTION	-230,369 sq.ft.	+7,776,546 sq.ft.	+2,571,220 sq.ft.	+2,261,221 sq.ft.	+1,802,613 sq.ft.

## Land Sales

Q3 2022	FULL SERVICE	LIMITED SERVICE
<b>INSIDE CITY LIMITS</b>	<b>8</b>	<b>0</b>
Total Acres Sold	238.94 acres	
Net Volume (\$)	\$146,543,613.00	
Avg. Price per acre (\$)	\$613,307.16	
<b>OUTSIDE CITY LIMITS</b>	<b>2</b>	<b>1</b>
Total Acres Sold	33.33 acres	40.03 acres
Net Volume (\$)	\$20,874,300.00	\$5,200,000.00
Avg. Price per acre (\$)	\$626,291.63	\$129,903.53
<b>TOTAL</b>	<b>10</b>	<b>1</b>
Total Acres Sold	272.27 acres	40.03 acres
Net Volume (\$)	\$167,417,913.00	\$5,200,000.00
Avg. Price per acre (\$)	\$1,239,598.79	\$129,903.53

## Building Sales

Q3 2022 Sale Transactions



# Q3 SUMMARY & INDUSTRIAL MARKET STABILIZING

With a plethora of new industrial product coming to market in Balzac coupled with a slowing of pre-leasing activity for new construction, the Calgary and Greater Calgary Area (GCA) industrial market experienced a slight inversion from what was experienced throughout Q2 2022. With the economic scenario presenting soaring inflation and more expensive capital alongside retreating equity markets, absorption was negative for the first time since Q2 2021 and was recorded at -230,369 sq. ft. This is also due to a slight increase in vacancy, showing a trend of more product coming to the market. Vacancy increased from 2.85% in Q2 2022 to 2.92% as of September 30th, 2022. This trend is expected to continue into year end and early 2023 as a recession looms and central bankers continue to raise rates. Limited availability in the Calgary market continues while overall demand is expected to slow. This is being seen as the number of listings increased slightly over the quarter to 474, up 9% from the previous quarter. Elevated CPI numbers paired with a forecasted recession have resulted in an initial shift towards a slowing market and stability.

There were 51 recorded sale transactions that took place in Q3 2022 with condos continuing to lead, contributing 22 to the total. Owner-user transactions totalled 15 with the remaining 12 being investment sales. All three groupings were down from the previous quarter with condo sales experiencing the largest dip, down 15% from 39 sales in Q2 2022. The largest investment sale took place at 420 & 440 - 28th Street NE with 127,343 sq. ft. of multi-tenant product trading.

Leasing was down slightly in Q3 from Q2 2022 with 120 transactions totalling 2,028,975 sq. ft. of leased space in comparison to the 174 transactions in Q2 2022. The decrease in number of lease transactions can be largely attributed to current macroeconomic events including soaring inflation within Canada coupled with a near historically tight Calgary and GCA industrial market. The culmination of these factors along with a surplus of completed construction in the

quarter represents the start of a trend expected to continue in coming quarters. Large bay product is beginning to show signs of reprieve as pre-leasing activity within new construction cools. Mid-bay product is showing similar trends with 10,000 - 30,000 sq. ft. seeing the greatest listing increase this quarter. With costs of construction increasing, the shift from tenants towards new spaces in previous quarters appears to be rescinding as more dated spaces pose increasingly favorable rates.

There was a total of 2,739,472 sq. ft. of industrial product completed in Q3 2022. Pressure for new supply is beginning to ease with options increasingly available amidst the flurry of ongoing and recently completed construction. Enright Capital, Hopewell Development, Beedie Development, and Remington all have notable projects underway as of the quarter's end. Current active construction totals 1,974,474 sq. ft. with the majority expecting completion by year end or early 2023. Nearly six million sq. ft. has been brought to market since Q1 2022 with more coming, including the second building in Enright's Canal Development and a Hopewell building with expected completion by year end.

## Land Transactions

There were 11 industrial land sales that took place during Q3 2022 totalling 312 acres. This is equal to Q2 and down from Q1, which saw abnormally high volumes of land transactions. Eight of the sales in Q3 were fully serviced parcels within city limits. The remaining three occurred outside of city limits with two fully-serviced parcels and one limited-serviced parcel. With a lack of land supply within city limits, it is unlikely the industrial market will experience any significant downward pressure as land remains a viable long-term vehicle for investors and developers alike. The sale of Point Trotter's next phase in its entirety affirms this sentiment where land supply is grossly out of balance with demand in Calgary.

## NEW CONSTRUCTION

- 2,739,472 sq. ft. completed in Q3 2022
- 1,974,474 sq. ft. under construction as of Q3 2022

## LEASE TRANSACTIONS

- 120 Lease Transactions ↓
- 2,028,975 sq. ft. Leased ↓

## INVESTMENT SALES

- 12 Investment Sales ↓
- \$54,710,568 Sales Volume ↓
- 325,129 sq. ft. Sold ↓
- \$168 per sq. ft. Avg. Price ↓

## CONDO SALES

- 24 Condo Sales ↓
- \$29,932,792 Sales Volume ↓
- 130,738 sq. ft. Sold ↓
- \$229 per sq. ft. Avg. Price ↑

## OWNER-USER SALES

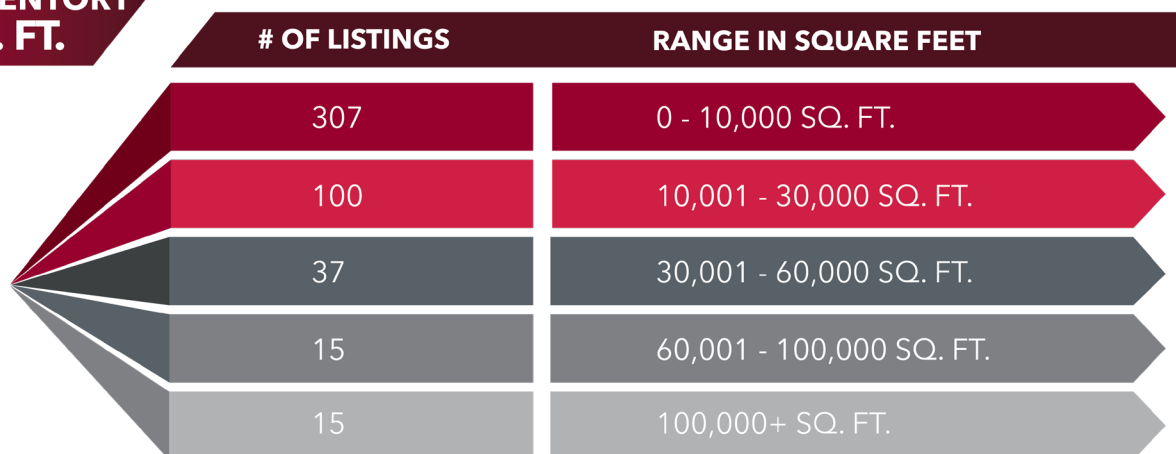
- 15 Owner-User Sales ↓
- \$73,740,105 Sales Volume ↑
- 431,677 sq. ft. Sold ↑
- \$171 per sq. ft. Avg. Price ↓

↑ Increase    ↓ Decrease

**TOTAL MARKET INVENTORY**  
**162,067,331 SQ. FT.**

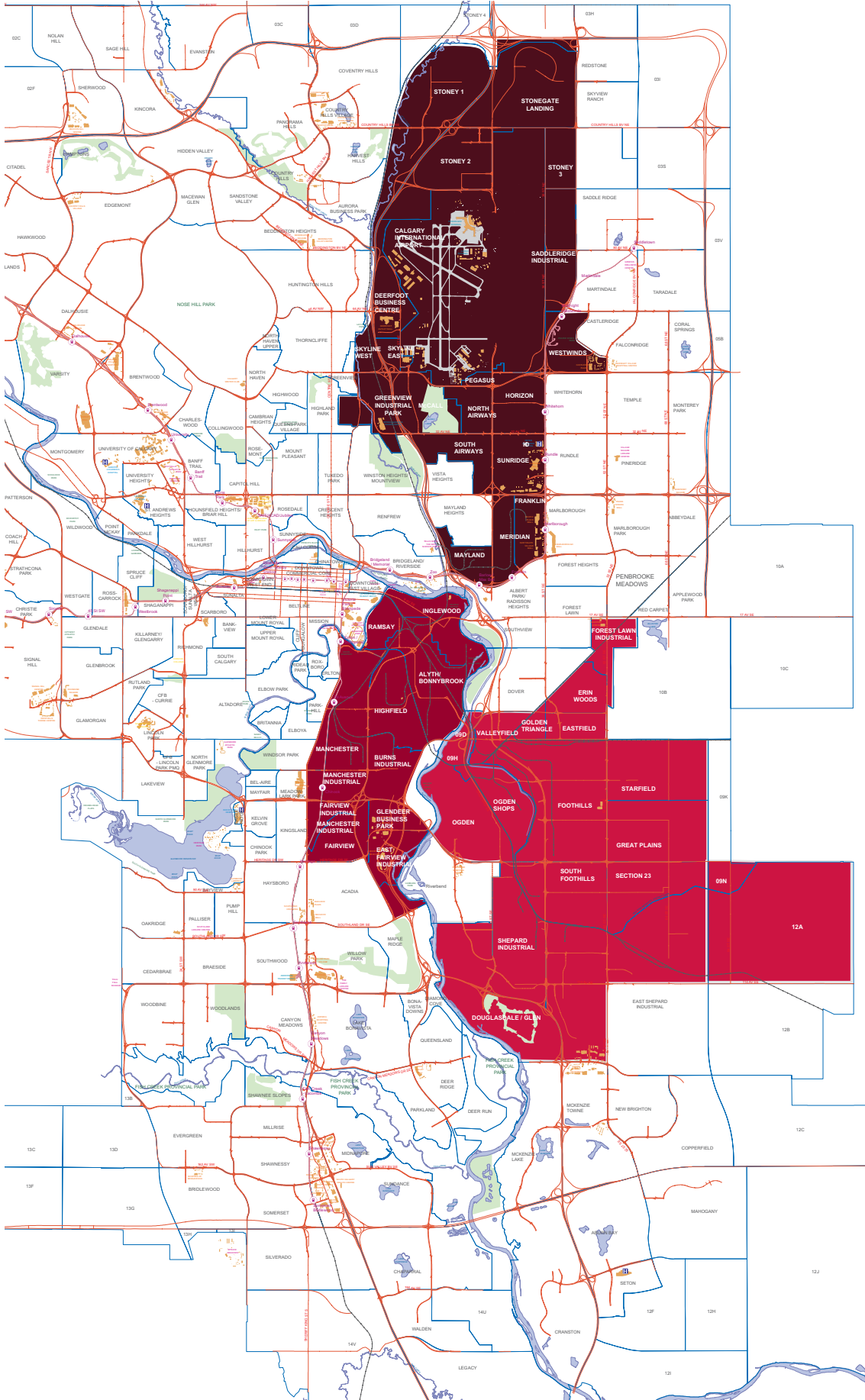
**10,760,883**  
TOTAL SQ. FT. AVAILABLE

**474**  
TOTAL LISTINGS  
\*As of September 30th, 2022



Availability includes vacant space, occupied space being marketed, and speculative space under construction.  
\*Some listings are counted in multiple size ranges if they can be demised.

# CALGARY INDUSTRIAL STATS BY AREA



## NORTHEAST

3.41%  
Vacancy



1,593,468 sq. ft.  
Vacancy sq. ft.

46,695,360  
Total Inventory

## CENTRAL

2.28%  
Vacancy



662,053 sq. ft.  
Vacancy sq. ft.

29,048,281  
Total Inventory

## SOUTHEAST

1.35%  
Vacancy



895,194 sq. ft.  
Vacancy sq. ft.

66,485,927  
Total Inventory

## OUTSIDE CITY LIMITS

7.96%  
Vacancy



1,578,543 sq. ft.  
Vacancy sq. ft.

19,837,763  
Total Inventory

↑ Increase ↓ Decrease



## NOTABLE TEAM LISTINGS



### FOR SALE OR LEASE

9050 Innovation Avenue SE, Calgary, AB  
20,000 Sq. Ft. on 2.17 Acres



### FOR LEASE

5842 - 86th Avenue SE, Unit 110, Calgary, AB  
12,550 Sq. Ft. with yard

## NOTABLE TEAM TRANSACTIONS



41 Royal Vista Drive NW, Bay 120, Calgary, AB  
11,308 Sq. Ft.



285028 Frontier Road, Rocky View County, AB  
7.32 Acres



2000 South Highway Drive SE, Redcliff, AB  
3.4 Acres



10707-25th Street NE, Bay 102, Calgary, AB  
21,873 Sq. Ft.

**JON MOOK 403-616-5239**  
jmook@lee-associates.com

**JACK MAZURY 403-630-2754**  
jmazury@lee-associates.com

**EMILY GOODMAN 403-862-4348**  
egoodman@lee-associates.com

**DIANA DIDI 403-918-7570**  
ddidi@lee-associates.com

**LEE & ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES