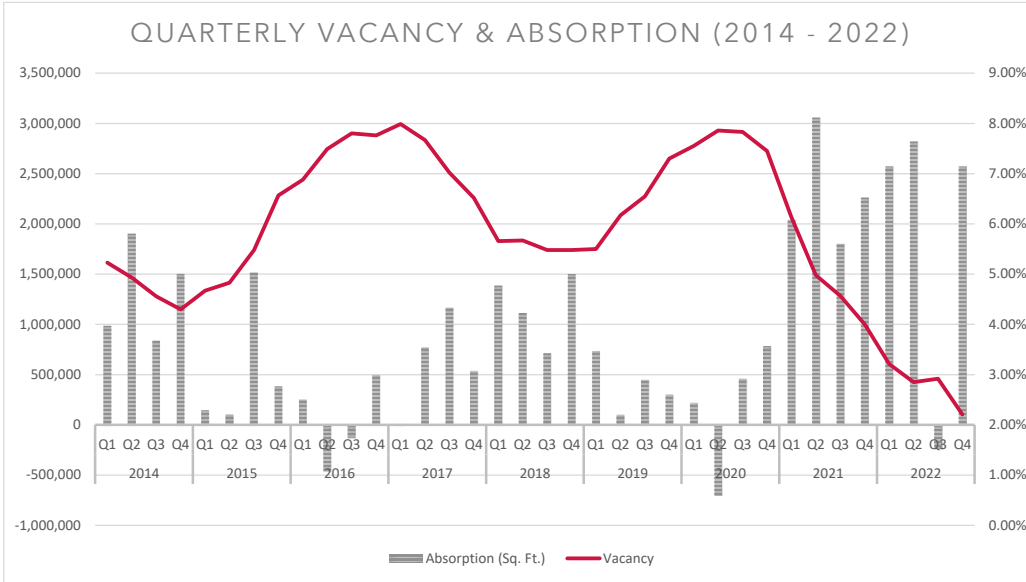


## YEAR END REVIEW

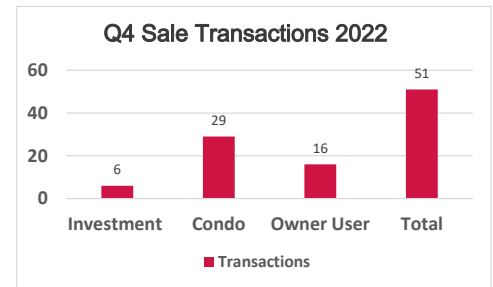
### VACANCY & ABSORPTION



#### VACANCY BY QUADRANT

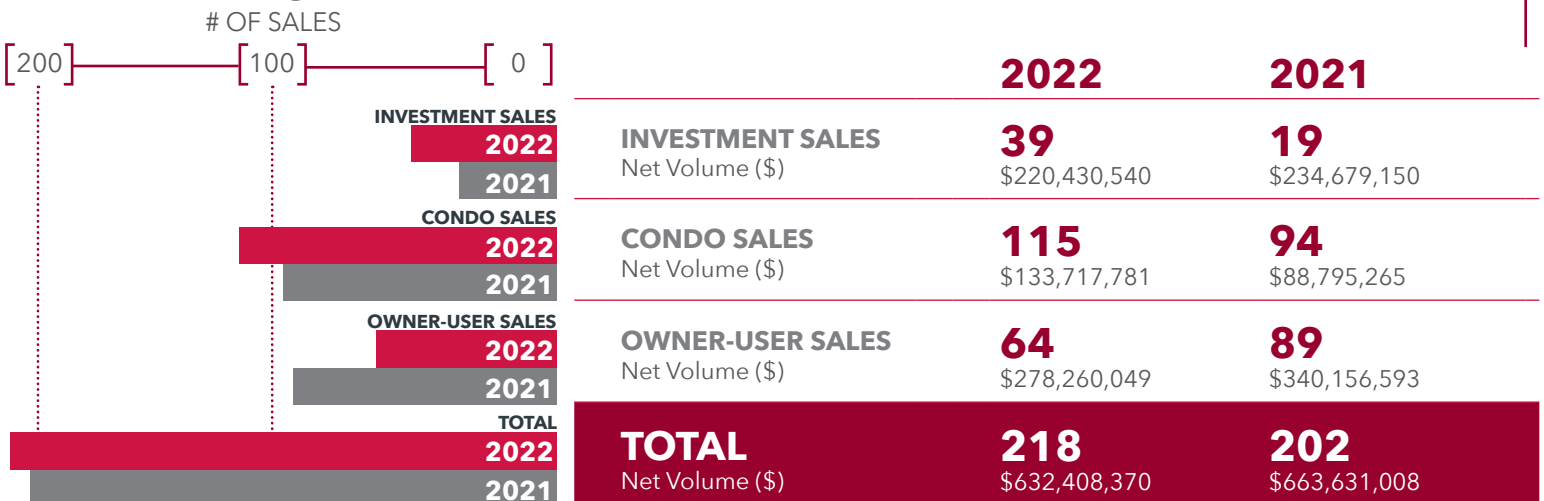
North East	2.75%	↓
Central	1.90%	↓
South East	1.45%	↑
Greater Area	3.91%	↓

Change from Q3 2022: ↑ Increase ↓ Decrease

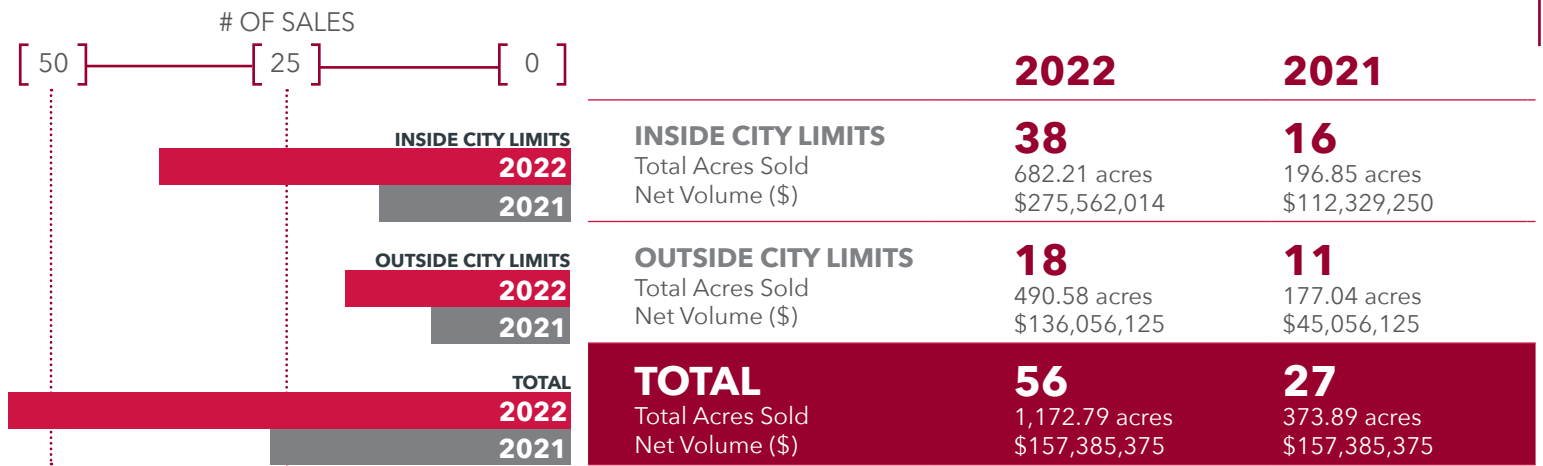


	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
<b>VACANCY</b>	<b>2.21%</b>	<b>2.92%</b>	<b>2.85%</b>	<b>3.21%</b>	<b>4.00%</b>
QUARTERLY ABSORPTION	+2,569,437 sq.ft.	-230,369 sq.ft.	+7,776,546 sq.ft.	+2,571,220 sq.ft.	+2,261,221 sq.ft.

### Building Sales



# Land Sales



## Q4 SUMMARY | TRANSACTION VOLUME AND VALUES INCREASE

Calgary's industrial real estate market ended 2022 on a high with both sale and leasing activity picking up from Q3 2022 despite rising interest rates, a pending economic downturn, and a decreased overall listing count in the Greater Calgary Area (GCA). Between Q3 and Q4, vacancy decreased by 0.71%. With vacancy incredibly low at 2.21% at the end of Q4 2022, the decrease is largely attributed to new construction reaching completion with near full occupancy, largely swaying the overall rate downwards. With an increasingly fragile global economy, shortage of industrial product, and slowing of new construction, it remains unlikely the downward trend can sustain throughout 2023. Positive absorption totaled 2,569,437 sq. ft., as leasing remained strong towards year end.

There were 51 sale transactions in the last quarter of 2022; 29 of which were condos, while the remaining 16 were owner-user properties. Both represent a modest increase quarter over quarter, while investment sales halved from 12 transactions in Q3 2022 to six in Q4 2022. The largest transaction was the sale of 3111 Shepard Place, a 107,174 sq. ft. single-use, multi-purpose building in SE Calgary.

**"Vacancy has dropped to levels not seen in over 10 years."**

Leasing was strong in Q4 with 130 transactions taking place amounting to 2,625,138 sq. ft. of industrial product being removed from the marketplace. Small bay product was particularly active, with 78 of the 130 lease transactions taking

place in the 10,000 or less square foot segment.

1,280,187 sq. ft. of industrial product was completed in Q4 2022. Most notably were Enright Capital's Canal 108 and Park 72 projects, High Plains buildings 10 and 11, as well as Interlink 1B from Hopewell Development. There are several projects underway with 1,315,151 sq. ft. coming to market in 2023 and 2024. These new developments are largely concentrated in Rocky View County and are spearheaded by Hopewell, Remington, and Quadreal. Within Calgary city limits, Beedie is underway with the RISE condo development in Point Trotter, which is the first 28' clear industrial condo development in the Calgary market.

### Land Transactions

Land sales saw an overall increase year-over-year once again with a remarkable total of 56 transactions. This is due to the demand for industrial development being utilized as an investment vehicle in the GCA and the increasing demand nationally for big box distribution space. 38 of these transactions were within city limits, totaling 682 acres while the remaining 18 were outside of the city in Balzac, as well as Rocky View and Wheatland County for a total of 490 acres. Industrial land is in high demand, both by developers and owner users, thus any new parcels brought to market are likely to transact quickly. With near record low vacancy, new development may be the sole option for some industrial companies.

### Year At A Glance

The GCA sales and leasing market remained strong overall throughout 2022 regardless of a slight vacancy increase from Q2 to Q3. Overall positive absorption for the year was 14,524,886,

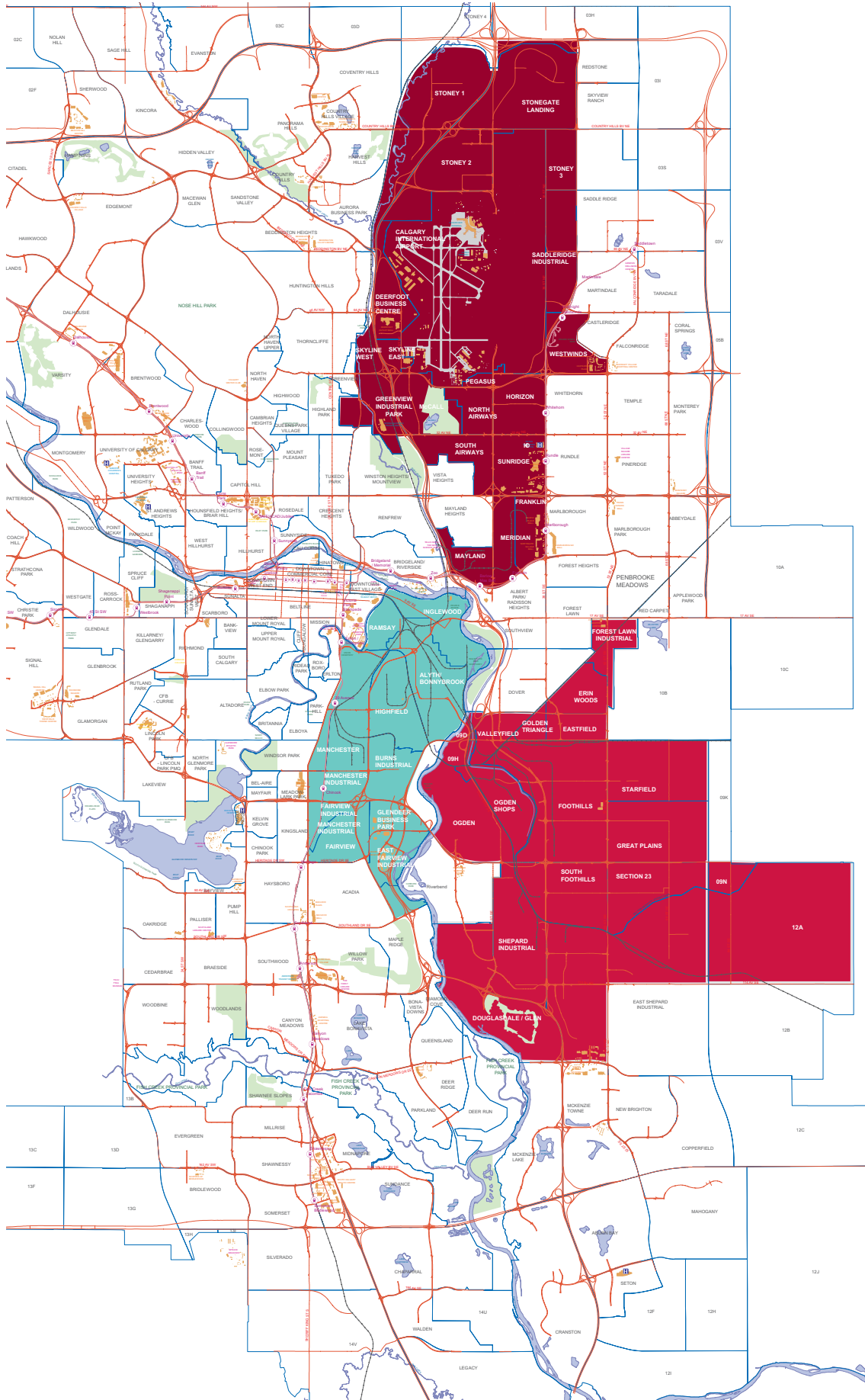
which can be attributed to continued demand and a decreasing supply of industrial product both in and surrounding Calgary. Despite a substantial amount of new product coming to the market, overall vacancy decreased nearly 2% from 2021 to Q4 2022.

Demand for industrial sale product persisted in 2022 with 218 transactions throughout the year. This presents an increase from 2021 sale transactions in 2021 despite rising interest rates and reduced economic expectations, signifying that capital remains available. Leasing trends were similar with 554 transactions in 2022 compared to 498 in 2021. This resulted in over 14.3M sq. ft. being leased throughout the year, a turnover of 8.8% of the total existing inventory in the GCA market.

Vacancy continued to decrease in Q1 from 4.00% to 3.21% and subsequently 2.85% in Q2. Q3 saw a slight increase due to new construction, with a 2.92% vacancy rate while Q4 saw a sizeable drop to 2.21% as new buildings became occupied. Downward vacancy pressure is expected to subside in 2023 as space nears record low availability and the economy is trending towards a recessionary environment.

The industrial segment is a stable asset class, which is likely to weather an economic slowdown relatively well. However, we expect vacancy to increase as result of current economic and availability factors. As capital continues to become more expensive for business and excess cash depletes, both sale and leasing activity is expected to slow moderately as a counter to the heightened demand witnessed over the past two years.

# CALGARY INDUSTRIAL STATS BY AREA



## NORTHEAST

2.75%  
Vacancy



1,289,705 sq. ft.  
Vacancy sq. ft.

46,892,017  
Total Inventory

## CENTRAL

1.90%  
Vacancy



553,418 sq. ft.  
Vacancy sq. ft.

29,069,819  
Total Inventory

## SOUTHEAST

1.45%  
Vacancy



963,326 sq. ft.  
Vacancy sq. ft.

66,580,697  
Total Inventory

## OUTSIDE CITY LIMITS

3.91%  
Vacancy

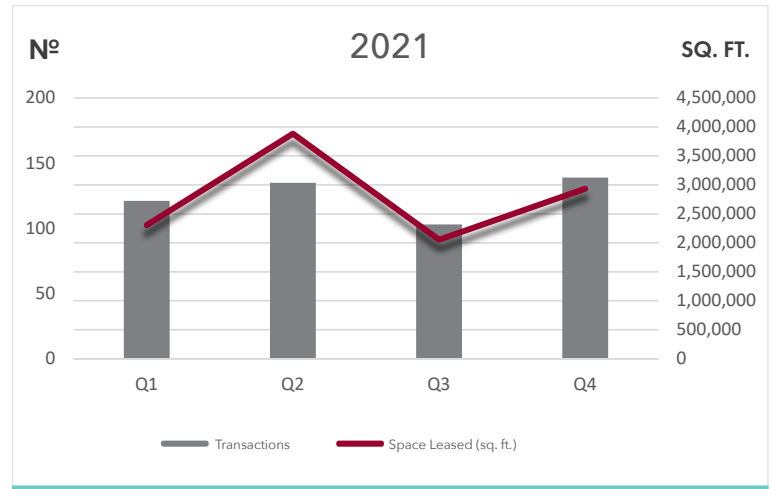
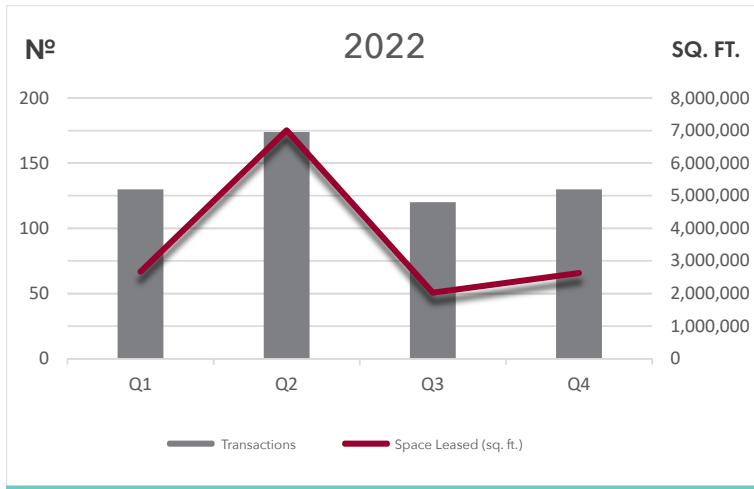


790,495 sq. ft.  
Vacancy sq. ft.

20,205,826  
Total Inventory

↑ Increase ↓ Decrease

# LEASING STATISTICS



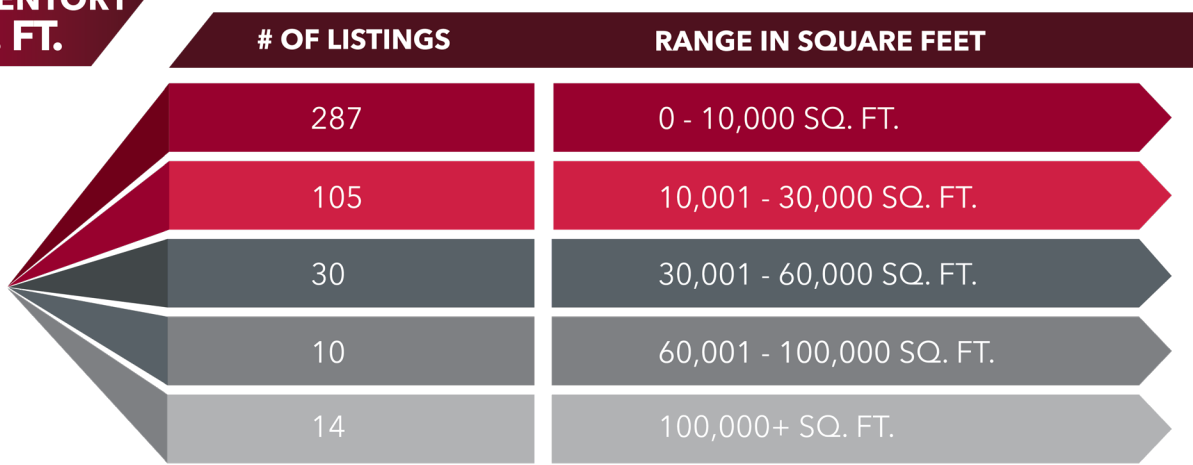
QUARTER	2022
Q1	# of Transactions: 130 Square Feet Leased: 2,669,455
Q2	# of Transactions: 174 Square Feet Leased: 7,006,564
Q3	# of Transactions: 120 Square Feet Leased: 2,028,975
Q4	# of Transactions: 130 Square Feet Leased: 2,625,138
<b>TOTAL</b>	# of Transactions: <b>554</b> Square Feet Leased: <b>14,330,132</b>

QUARTER	2021
Q1	# of Transactions: 121 Square Feet Leased: 2,304,567
Q2	# of Transactions: 135 Square Feet Leased: 3,882,724
Q3	# of Transactions: 103 Square Feet Leased: 2,053,210
Q4	# of Transactions: 139 Square Feet Leased: 2,935,653
<b>TOTAL</b>	# of Transactions: <b>498</b> Square Feet Leased: <b>11,176,154</b>

**TOTAL MARKET INVENTORY**  
**162,657,499 SQ. FT.**

**8,618,784**  
TOTAL SQ. FT. AVAILABLE

**446**  
TOTAL LISTINGS  
\*As of December 31st, 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.



## NOTABLE TEAM LISTINGS



### FOR LEASE

6751 - 8th Street NE, Calgary, AB  
15,433 Sq. Ft.



### SALE | LEASE | BUILD TO SUIT

59 Heatherglen Place, Rocky View County, AB  
3.53 Acres

## NOTABLE TEAM TRANSACTIONS



3901 - 36th Street North, Lethbridge, AB  
103,103 Sq. Ft. on 5 Acres  
Vendor Representation



2150 South Highway Drive SE, Redcliff, AB  
14,416 Sq. Ft. on 2.40 Acres  
Tenant Representation



261200 Wagon Wheel Way, Balzac, AB  
41,810 Sq. Ft. on 5.66 Acres  
Tenant Representation



1338 - 36th Avenue NE, Bays 138, 142 & 242, Calgary, AB  
12,716 Sq. Ft.  
Tenant Representation

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COMMERCIAL REAL ESTATE SERVICES