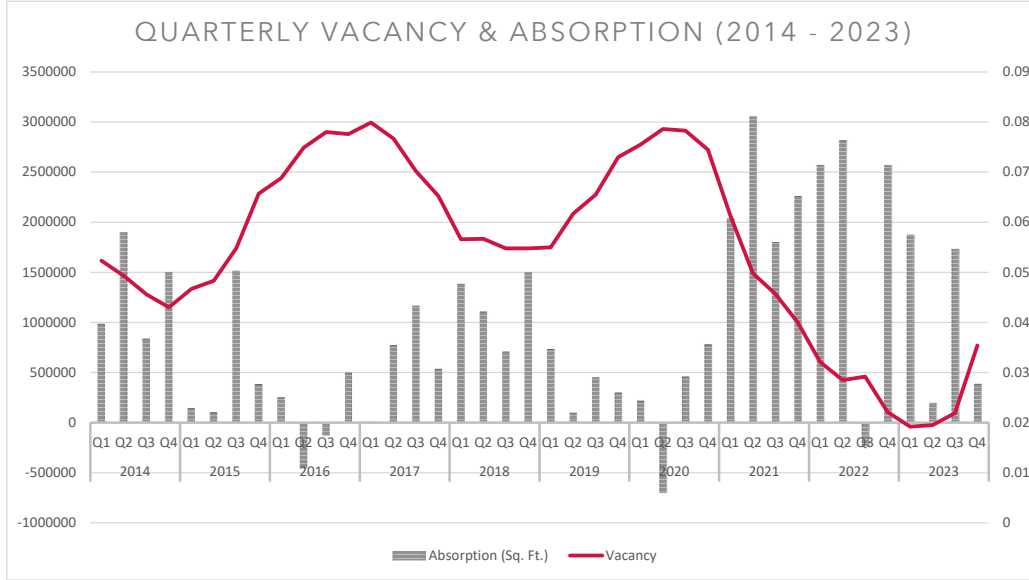
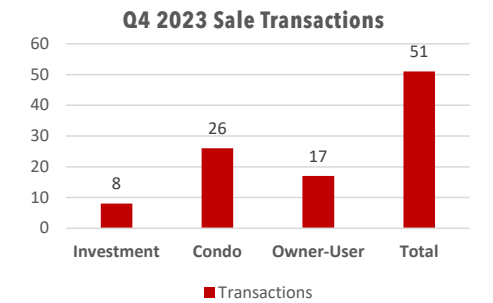


YEAR END REVIEW

VACANCY & ABSORPTION



VACANCY BY QUADRANT		
North East	3.87%	↑
Central	0.61%	↓
South East	3.38%	↑
Greater Area	7.13%	↑
Change from Q3 2023: ↑ Increase ↓ Decrease		



VACANCY

QUARTERLY ABSORPTION

Q4 2023
3.54%
+390,214 sq.ft.

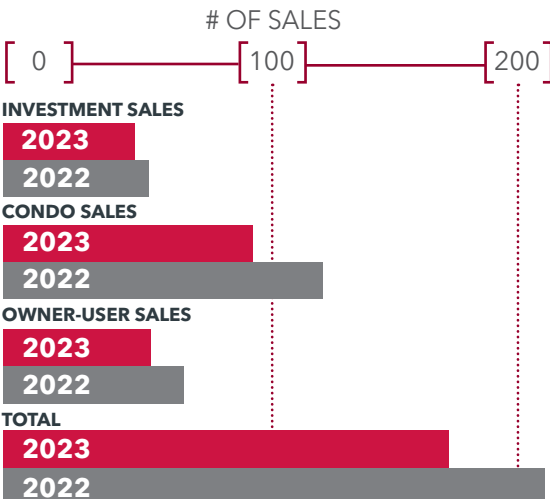
Q3 2023
2.19%
+1,734,001 sq.ft.

Q2 2023
1.95%
+196,940 sq.ft.

Q1 2023
1.92%
+867,015 sq.ft.

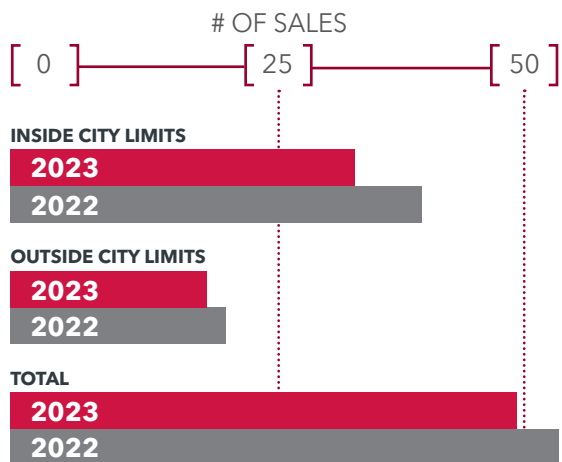
Q4 2022
2.21%
+2,569,437 sq.ft.

Building Sales



	2023	2022
INVESTMENT SALES	36	39
Net Volume (\$)	\$304,766,860	\$220,430,540
CONDO SALES	87	115
Net Volume (\$)	\$110,908,630	\$133,717,781
OWNER-USER SALES	53	64
Net Volume (\$)	\$231,978,046	\$278,260,049
TOTAL	176	218
Net Volume (\$)	\$647,653,537	\$632,408,370

Land Sales



	2023	2022
INSIDE CITY LIMITS	31	38
Total Acres Sold	111.68 acres	682.21 acres
Net Volume (\$)	\$88,767,424	\$275,562,014
OUTSIDE CITY LIMITS	17	18
Total Acres Sold	238.95 acres	490.58 acres
Net Volume (\$)	\$84,195,150	\$136,056,125
TOTAL	48	56
Total Acres Sold	350.63 acres	1,172.79 acres
Net Volume (\$)	\$172,963,374	\$411,618,139

Q4 SUMMARY | TRANSACTION VOLUME AND VALUES INCREASE

Calgary's industrial market had consistent performance throughout Q4 2023. Despite quarterly absorption declining compared to Q3 2023, it remained positive in Q4, at approximately 400,000 square feet (SF), aligning with the prevailing trend throughout the year. Vacancy rates experienced a notable uptick on all fronts of the industrial market in Q4 2023, driven by completion of many large box distribution buildings combined with declining demand for space greater than 50,000 SF. Demand for product under 50,000 SF and in particular, single-use buildings with yard, is expected to remain strong in the Greater Calgary Area (GCA) throughout 2024.

The GCA leasing market maintained its strong performance throughout the fourth quarter of 2023, with 165 transactions taking place totaling 2,770,536 SF. While leasing volume on a square footage basis decreased slightly compared to Q3 2023, the number of transactions rose in Q4 2023, indicating continued strength in the small/mid-bay leasing segment.

Q4 2023 witnessed a sharp surge in industrial sales volume, with 51 transactions occurring compared to 25 in Q3 2023. The heightened sales activity in the final quarter of 2023 was largely driven by continued demand for industrial owner-user facilities and condo bays. Of the 51 sales transactions in Q4 2023, only 8 were investment. This can be attributed to current economic factors such as heightened interest rates, which have driven up cap rates and applied downward pressure on sale values for income producing assets.

A total of 1,584,507 SF of industrial product reached completion during Q4 2023. Notable developments included Anthem's Hub Logistics Centre (Building 1), Dream's Cross Roads Corner (Building 2), the Stonegate expansion by One Properties, Beedie's The Rise Condos,

iPort Starfield (Building 5) and the Great Plains expansion by Triovest. A multitude of upcoming projects, predominantly driven by industry leaders Remington, Hopewell, Dream, Triovest, Beedie, and Anthem are set to reach completion in 2024. This robust wave of development currently underway will contribute significantly to the GCA industrial pipeline in 2024, totaling 2,776,713 SF.

Land Transactions

Industrial land sales slowed significantly in Q4 2023, with only seven parcels transacting for a combined total of 21.19 acres, notably all within Calgary city limits. The average price per acre for fully serviced land within city limits remained high at approximately \$804,827 per acre, driven in large part by the limited supply of highly desired owner-user parcels both inside and outside the city limits.

On a year-to-year basis, industrial land transactions regressed slightly, but remained steady over the course of 2023 with 48 sales occurring compared to the 56 seen in the GCA throughout all of 2022. Transaction volume in acres sold decreased significantly, driven by limited developer speculative transactions and a high number of owner-user sales taking place. 31 of the 2023 land transactions took place within city limits totaling 111.68 acres. The remaining 17 transactions occurred outside the city totaling 238.95 acres in districts such as Balzac and Wheatland County, where there is a notable tax advantage, thus reducing operating costs for owner-users and tenants alike. The ongoing scarcity of land parcels within the city is likely to remain a hurdle for both developers and owner-users in 2024.

Year At A Glance

Despite an increase in vacancy during Q3 2023 and most notably in Q4, the GCA leasing and sales markets displayed persistent strength throughout 2023. Absorption was positive for the year at

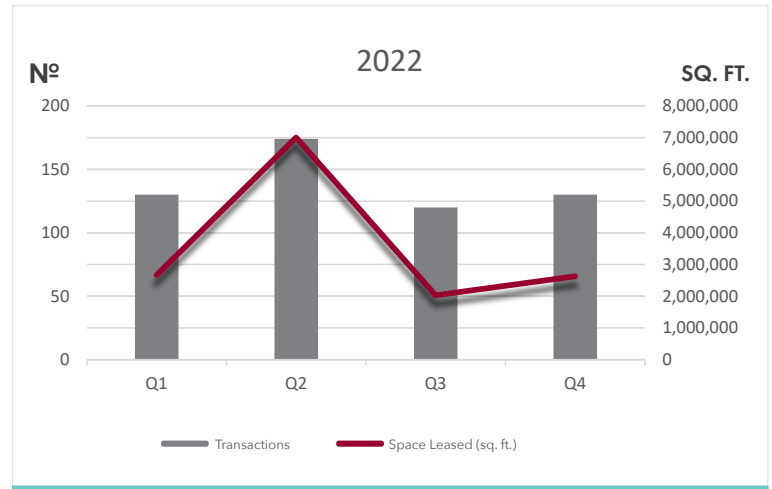
approximately 4,000,000 SF, reflective of favorable trends with regards to demand and industry growth. Despite a plethora of new product coming to market, vacancy rates remained relatively low in 2023, again reflective of robust demand in the GCA.

The GCA sales market showed a moderate decline in 2023, with 176 transactions taking place over the year, a decrease from the 218 transactions reported in 2022. This was primarily driven by the increase in commercial interest rates. Single-use facilities and condo sales accounted for approximately 80% of the sales market activity throughout 2023, while investment activity slowed, aligning with the trend seen in 2022.

Industrial vacancy rates followed a moderate upward trend throughout 2023. Q1, Q2, and Q3 displayed vacancy rates hovering at an astonishingly low 2%, whereas Q4 displayed an increase with a rate of approximately 3.5%. The completion of several large-scale projects towards the end of the year saturated the market, as there are now several big box distribution vacancies outside the city, as exemplified by the 7.13% vacancy rate in Balzac, by far the highest of all GCA districts.

Although the industrial vacancy rate has increased over the last few quarters, we are not seeing the effects of it quite yet in the mid-bay market, specifically within the 10,000-50,000 SF range. Landlords are continuing to push rents and offer minimal inducements to tenants. This should change in 2024, as we expect vacancy to climb and shift to a more balanced landlord/tenant market. Although uncertainty is present with regard to the direction of interest rates and the Canadian economy, the GCA industrial market is expected to remain strong and resilient throughout 2024.

LEASING STATISTICS



QUARTER	2023
Q1	# of Transactions Square Feet Leased 131 2,466,373
Q2	# of Transactions Square Feet Leased 165 2,722,453
Q3	# of Transactions Square Feet Leased 149 3,649,314
Q4	# of Transactions Square Feet Leased 165 2,770,536
TOTAL	# of Transactions Square Feet Leased 610 11,608,676

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

TOTAL MARKET INVENTORY
168,782,190 SQ. FT.

13,484,134
TOTAL SQ. FT. AVAILABLE





449

TOTAL LISTINGS
*As of December 31st, 2023







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 SINGLE-USE LEASE TRANSACTIONS Q4 2023

	Address	Tenant	Market	Lease Type	Size
	831-48th Avenue SE	Undisclosed	Highfield	Head Lease	11,956 sf on 2.12 acres
	2505-107th Avenue SE	Napa Auto Parts	Douglasdale	Head Lease	25,927 sf on 1.5 acres
	4305-9th Street SE, Units 4303-4305	Riders on Board (Snowboarding) Ltd.	Highfield	Head Lease	20,870 sf on 1.42 acres
	2719-5th Avenue NE	Alberta Infrastructure	Meridian-Franklin	Head Lease	31,000 sf on 1.56 acres

NOTABLE SINGLE-USE OWNER USER SALE TRANSACTIONS Q4 2023

	Address	Purchaser	Market	Size	Sale Price
	7919-84th Street SE	2497831 Alberta Ltd.	Great Plains	26,732 sf on 5.79 acres	\$6,050,000.00 (\$226.32 per sf)
	3645-48th Avenue SE	2048383 Alberta Ltd.	Eastfield	14,480 sf on 1.05 acres	\$3,838,000.00 (\$265.05 per sf)
	4330-122nd Avenue SE	Cato Ridge Holdings Ltd.	Southbend	9,729 sf on 1.18 acres	\$3,000,000.00 (\$308.35 per sf)
	4435-90th Avenue SE	Undisclosed	South Foothills	21,500 sf on 1.71 acres	\$4,900,000.00 (\$227.90 per sf)

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

ELIAS TSOUGRIANIS 403-680-4875
etsougrianis@lee-associates.com

KALEEN TUCKER 587-210-2523
ktucker@lee-associates.com

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

LAURAE SPINDLER 403-471-4871
lspindler@lee-associates.com

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES