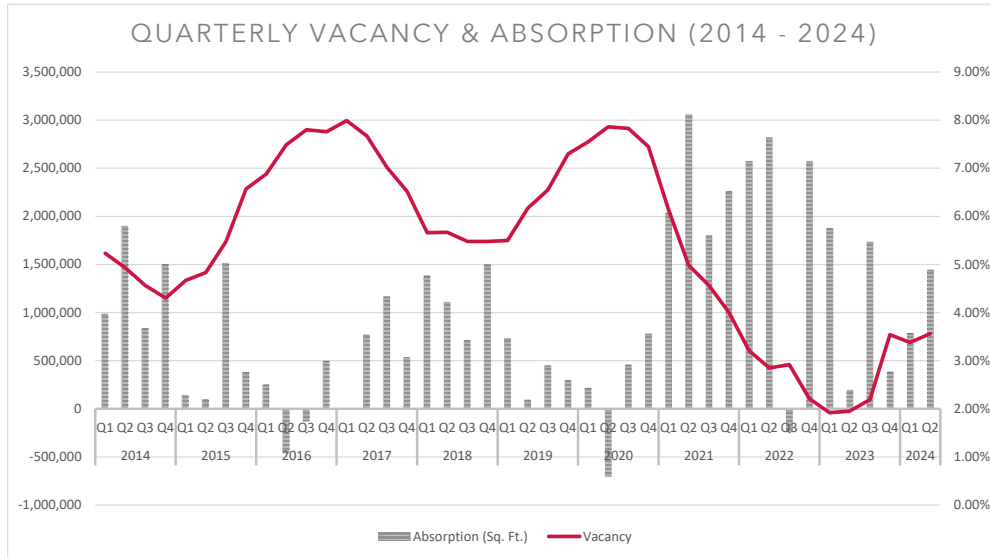


Q2 | 2024

CALGARY INDUSTRIAL MARKET REVIEW

VACANCY & ABSORPTION



VACANCY BY QUADRANT

North East	4.18%	↑
Central	0.97%	↑
South East	3.18%	↓
Greater Area	6.47%	↑

Change from Q4 2023: ↑ Increase ↓ Decrease

VACANCY QUARTERLY ABSORPTION

Q2 2024
3.56%
+1,444,091 sq.ft.

Q1 2024
3.38%
+786,764 sq.ft.

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.

Land Sales

Q2 2024

FULL SERVICE

LIMITED SERVICE

INSIDE CITY LIMITS

4

0

Total Acres Sold

9.31 acres

Net Volume (\$)

\$8,437,500.00

Avg. Price Per Acre (\$)

\$906,283.57

OUTSIDE CITY LIMITS

0

4

Total Acres Sold

—

17.83 acres

Net Volume (\$)

—

\$11,367,000.00

Avg. Price Per Acre (\$)

—

\$637,521.03

TOTAL

4

4

Total Acres Sold

9.31 acres

17.83 acres

Net Volume (\$)

\$8,437,500.00

\$11,367,000.00

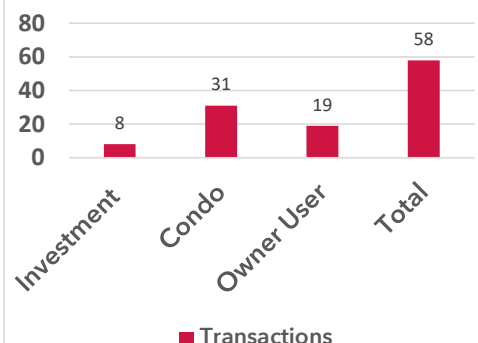
Avg. Price Per Acre (\$)

\$906,283.57

\$637,521.03

Building Sales

Q2 2024 Sale Transactions



Calgary's industrial sector held steady in Q2 2024 with vacancy rising to 3.56%, a slight increase from 3.38% in Q1 2024 and a total positive absorption of 1.4 million square feet for the quarter. Leasing demand for both new and existing properties remained exceptionally high with approximately 3 million square feet leased across 170 total transactions for the quarter.

The industrial construction pipeline in Calgary and the Greater Calgary Area (GCA) remained robust, with ongoing projects covering approximately 2 million square feet. During this period, an additional 1.2 million square feet of space was delivered to the market. While there was a slight increase in vacancy rates within the GCA, strong market demand continued to absorb the influx of new supply. Currently, most construction activity is focused on the outskirts of the city, particularly in Balzac and Rocky View County. However, several planned projects in Calgary's Southeast industrial sector spearheaded by Remington Development Corporation and York Realty are showing promising pre-leasing activity and are expected to break ground this year. These ongoing developments highlight the resilience and strength of the industrial sector, especially considering the high costs currently associated with capital and construction.

The overall amount of industrial sales continued strong throughout Q2 2024 in Calgary and the GCA. Industrial condo sales experienced a minor decline in transaction volume, with 31 units sold in comparison to 34 in Q1 2024. However, the average price per square foot increased, rising from \$230 in Q1 to \$250 in Q2. This trend is primarily attributed to the sale of higher-quality and newer properties. The number of owner-user transactions remained consistent in Q2 2024 with Q1 2024. Of the 19 owner-user properties that sold, the average price per square foot was \$195, a minor decrease compared to the 21 transactions and \$200 per square foot averages seen in the first quarter of 2024. In Q2 2024, investment-grade properties represented just 14% of total sale transactions, continuing a year-over-year trend observed in Calgary and the GCA. However,

with recent reductions in the overnight lending rate, alongside continued growth in net rental rates, we expect this trend to begin to shift as cap rates are likely to become more viable for investors that require debt to transact. Investment sales data further supports this trend, as Q2 witnessed \$115 million in investment transactions, compared to \$70 million in Q1 2024.

Land Transactions

Q2 2024 saw the sale of eight industrial land parcels in Calgary and the GCA amounting to 27.14 acres, a notable decrease from the 10 parcels and 115.79 acres transacting in Q1 2024. This sizeable difference is partially attributed to a large parcel transacting in the SE industrial district of Eastlake at the beginning of 2024, although even when accounted for, we saw a reduction of 12.65 acres in Q2 compared with Q1. With that being said, the average size of industrial land parcels trading in Q2 remained stable at 3.39 acres, compared to 3.1 acres in Q1. Industrially zoned land outside the City limits remained active, with four transactions totaling 17.83 acres. In contrast, only four parcels amounting to 9.31 acres traded inside the City limits. This disparity highlights the ongoing supply constraints caused by the City of Calgary's slow release of industrial land as they are the largest holder of future industrial land within the City limits.

The average price of industrial land parcels within the City climbed to \$906,283 per acre in Q2 2024, a significant rise from the \$767,759 per acre recorded in Q1 2024. The GCA followed a similar trend, with an average price of \$637,521 per acre, up from \$566,020 per acre in the first quarter. Increasing land prices, alongside persistent high construction costs and a constrained supply of new buildings have driven up the demand and price for existing properties, especially for single use, owner occupied facilities. For owner-users wanting to purchase, industrial condos have increasingly become the most viable solution with Beedie Developments being the most active in this asset class, offering opportunities in both the SE and Balzac Industrial Markets.

NEW CONSTRUCTION

- 1,174,449 sq. ft. completed in Q2 2024
- 1,997,345 sq. ft. under construction as of Q2 2024

LEASE TRANSACTIONS

- 170 Lease Transactions ↑
- 3,066,528 sq. ft. Leased ↑

INVESTMENT SALES

- 8 Investment Sales ↓
- \$114,898,779 Sales Volume ↑
- 627,287 sq. ft. Sold ↑
- \$183.17 per sq. ft. Avg. Price ↑

CONDO SALES

- 31 Condo Sales ↓
- \$31,735,879 Sales Volume ↑
- 126,921 sq. ft. Sold ↑
- \$250.04 per sq. ft. Avg. Price ↑

OWNER-USER SALES

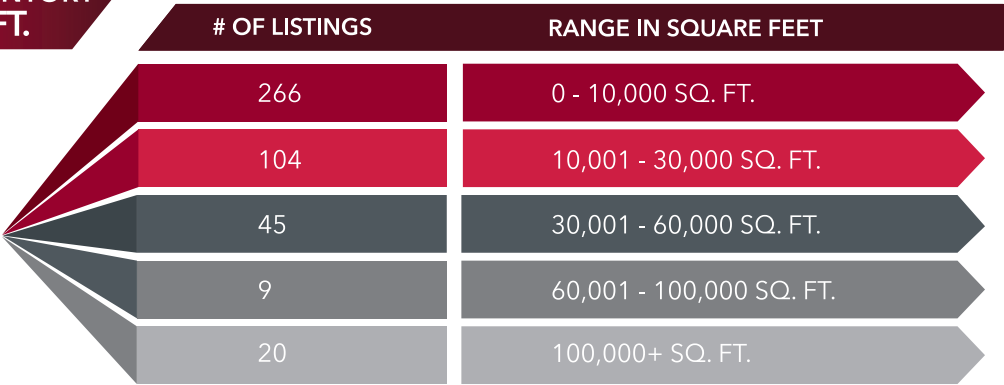
- 19 Owner-User Sales ↓
- \$88,655,114 Sales Volume ↑
- 454,769 sq. ft. Sold ↑
- \$194.95 per sq. ft. Avg. Price ↓

↑ Increase ↓ Decrease

TOTAL MARKET INVENTORY
169,395,938 SQ. FT.

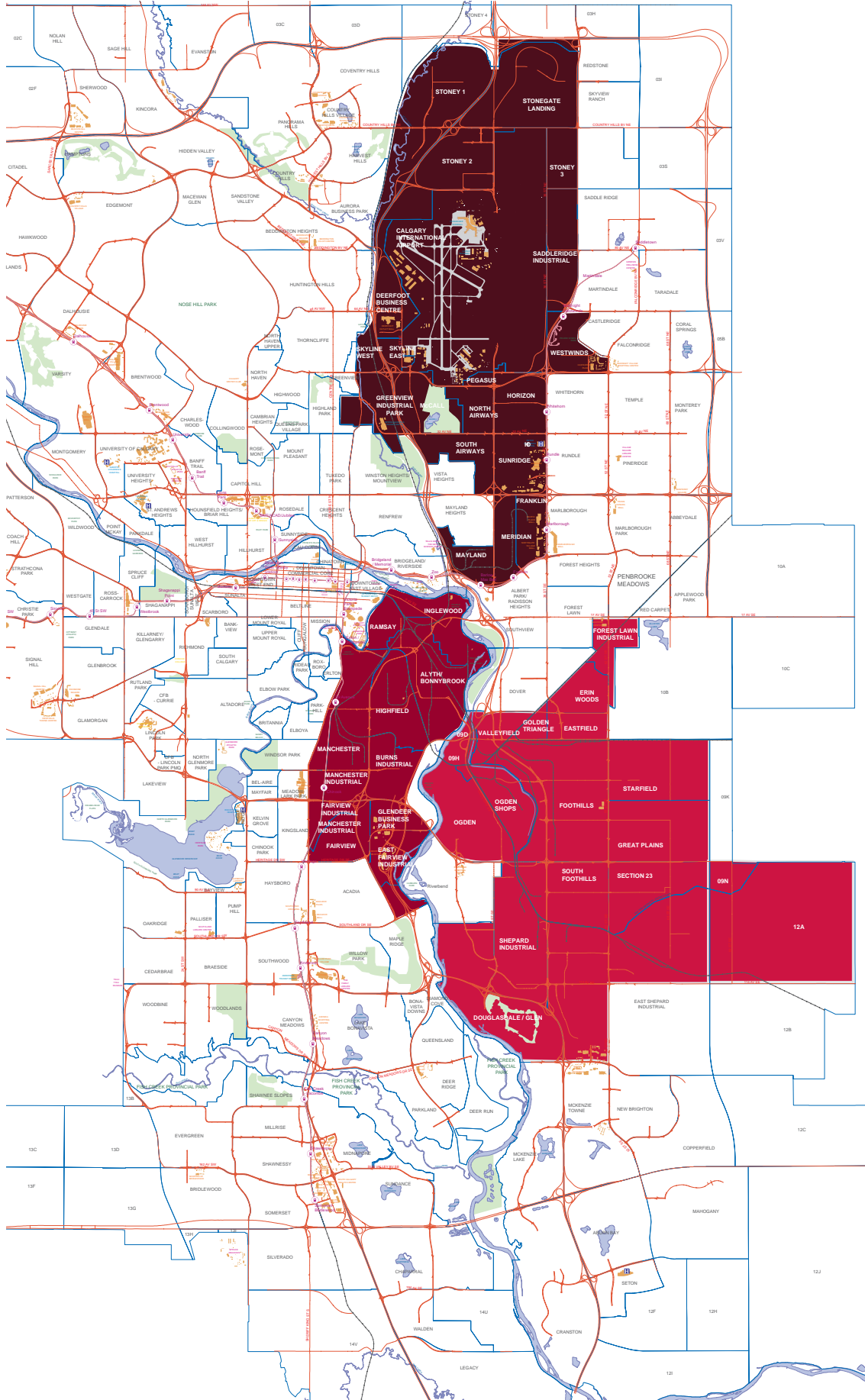
15,691,122
TOTAL SQ. FT. AVAILABLE

444
TOTAL LISTINGS
*As of June 30th, 2024



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

4.18%
Vacancy



1,999,697 sq. ft.
Vacancy sq. ft.

47,814,941
Total Inventory

CENTRAL

0.97%
Vacancy



285,912 sq. ft.
Vacancy sq. ft.

29,496,580
Total Inventory

SOUTHEAST

3.18%
Vacancy



2,197,090 sq. ft.
Vacancy sq. ft.

68,989,713
Total Inventory

OUTSIDE CITY LIMITS

6.47%
Vacancy







1,606,264 sq. ft.
Vacancy sq. ft.





24,812,937
Total Inventory

↑ Increase ↓ Decrease

NOTABLE SINGLE-USE LEASE TRANSACTIONS Q2 2024

	Address	Tenant	Market	Lease Type	Size
	1345 Highfield Crescent SE	Undisclosed	Highfield	Head Lease	14,246 sf on 1.92 acres
	3815-56th Avenue SE	Enquest Energy Services	Foothills	Head Lease	20,140 sf on 2 acres
	5152-74th Avenue SE	Degree Bending	Foothills	Head Lease	21,300 sf on 2.50 acres
	4700-102nd Avenue SE	Grace Road Lines Ltd.	Eastlake	Head Lease	28,499 sf on 7.67 acres

NOTABLE SINGLE-USE OWNER-USER SALE TRANSACTIONS Q2 2024

	Address	Purchaser	Market	Size	Sale Price
	607 Moraine Road NE	1936555 Alberta Ltd.	Meridian-Franklin	18,115 sf on 0.97 acres	\$3,400,000.00
	5019-90th Avenue SE	Precision Ventures Inc.	South Foothills	18,783 sf on 2.22 acres	\$3,870,000.00
	3624-60th Avenue SE	Ying Investment	Foothills	19,800 sf on 1.78 acres	\$4,180,000.00
	7664-10th Street NE	SMS Equipment Ltd.	Deerfoot Business Park	32,071 sf on 4.09 acres	\$9,033,000.00

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