

Calgary

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Rental rates soften as positive absorption tapers off; next wave of development set to begin in 2025

Calgary’s inventory has increased by 3.8% year over year, delivering 5.5 million square feet (msf) of new inventory. The city has now experienced nine consecutive quarters of positive absorption, with newly-constructed assets and pre-leasing activity contributing significantly. Prominent examples include the recently delivered and leased Cross Iron Distribution Centre 2 and the upcoming pre-leased 660,000-square-foot (sf) Interlink Logistics Park Building 2B. The construction pipeline is set to increase in 2025, as several major projects have completed groundworks and will begin vertical construction once the ground thaws. Points North and Glenmore Yards are two such projects anticipated to start construction in 2025.

Rents soften in key submarkets, driving averages lower

Average asking rents have decreased by 12.7% year over year, largely driven by two factors. The first factor is large, cheap blocks of sublease spaces; as the year-over-year change in direct net rates is only a decline of 4.77%. The other key driver are price reductions in the Southeast Central and Balzac submarkets. Balzac, in particular, has an outsized impact on market averages. With the highest vacancy rate by far, it contains several large distribution spaces with lower asking rents compared to smaller, more centrally located bays. Smaller tenants looking for space outside these distribution centers will face persistently high rental rates as demand remains strong.

Manufacturing space with high power remains limited

The upcoming wave of development is expected to focus on large distribution center-type spaces, which have been common in recent years. Standalone buildings with high power and a yard remain in high demand, with no supply-side relief in sight. Manufacturers will find it extremely challenging to expand in Calgary’s current market and will likely need to resort to build-to-suit options.

Key Statistics

	Q4 2023	Q4 2024	Y-O-Y
Inventory	158.1 msf	164.1 msf	+6.0 msf
Vacancy Rate	3.1%	3.5%	+40 bps
Asking Rental Rate	\$11.38	\$10.10	-11.2%
Net Absorption	0.4 msf	0.5 msf	+0.1 msf
Under Construction	5.7 msf	0.8 msf	-4.9 msf
Deliveries	0.9 msf	0.6 msf	-0.3 msf

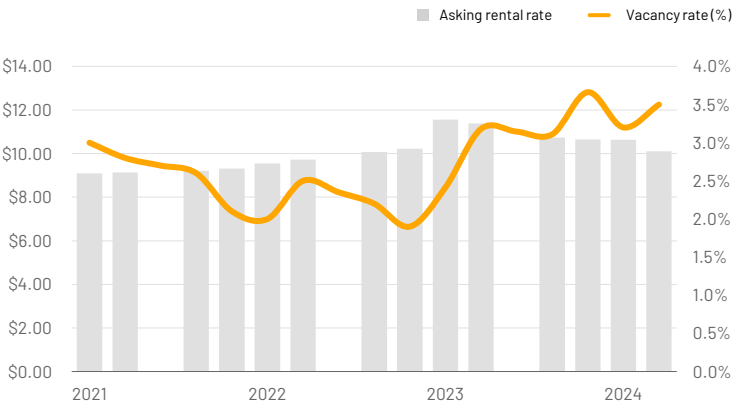
Outlook

01 With distribution centers capturing an increasingly significant portion of inventory, their growing dominance is set to shape overall market trends

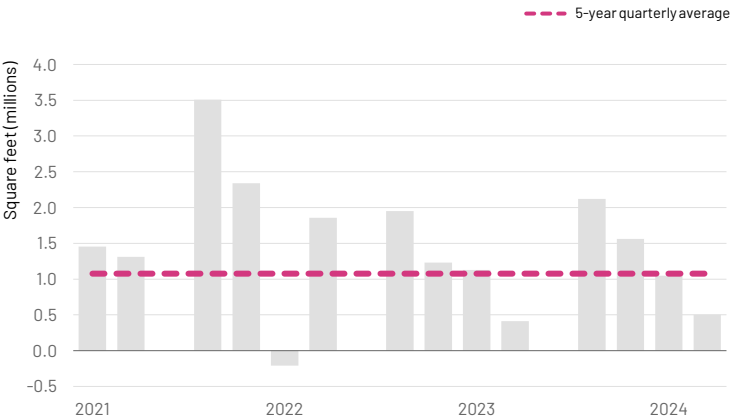
02 Along with other Canadian markets, the threat of U.S. tariffs is creating uncertainty that could lead to further declines in rates, decreased absorption and delays in speculative development projects

03 Alberta has announced plans to double its oil production, which will increase demand for servicing facilities and other industrial assets catering to engineering or oil-adjacent industries

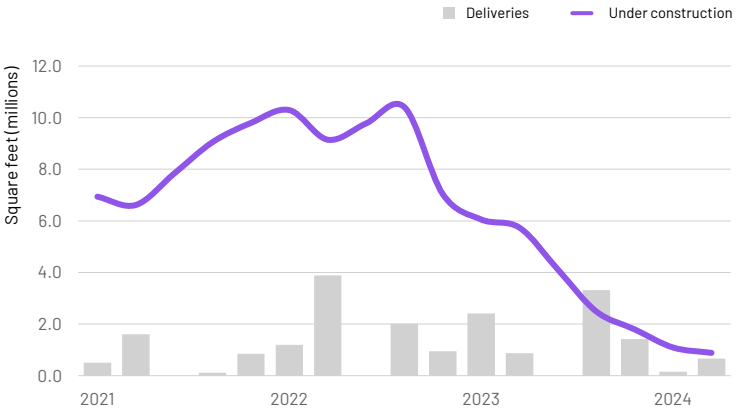
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Top Leases

Source: Savills Research

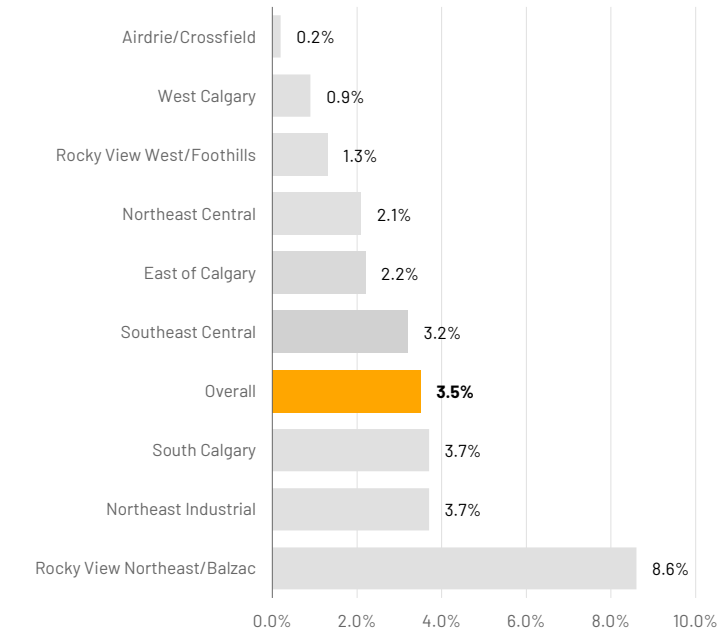
Tenant	Size (sf)	Submarket	Address	Transaction Type	Industry
Calgary Logistics Limited	486,000	Rocky View Northeast / Balzac	30 High Plains Trail	New Lease	Logistics & Distribution/3PLs
Pet Value	295,796	Rocky View West / Foothills	260233 Range Road 23	New Lease	Retailer (Brick & Mortar)
Undisclosed	92,170	Northeast Industrial	11555 Barlow Trail NE	New Lease	N/A
Undisclosed	61,223	Northeast Industrial	11575 Stonehill Drive NE	New Lease	N/A
Pacesetter Drilling Services Ltd.	50,559	Southeast Central	2345 Alyth Road SE	New Lease	Energy

Top Sales

Owner/Buyer	Size (sf)	Submarket	Address	Price / \$/sf	Seller
Undisclosed	100,513	South Calgary	5250 94th Ave SE	Undisclosed	Undisclosed
Hyatt Investments	35,506	Northeast Central	635-647 46th Ave NE	6.8 M / \$192	Anthem
Undisclosed	34,500	Southeast Central	3236 50th Ave SE	8.2 M / \$237	Undisclosed
Undisclosed	25,680	Northeast Industrial	3605 32nd St NE	Undisclosed	SML Entertainment
Home Garden Business Ltd.	16,339	Northeast Central	216 40th Ave NE	2.9 M / \$177	Homes By US Ltd

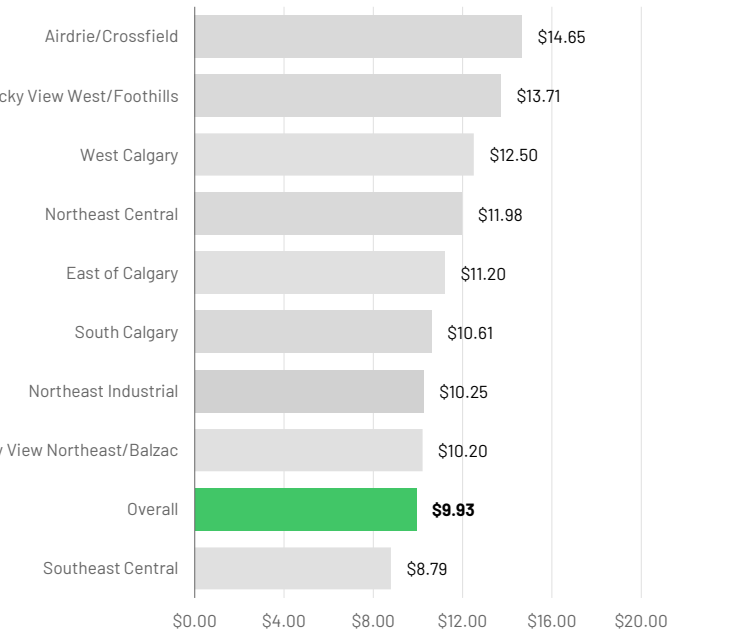
Vacancy Rate Comparison (%)

CALGARY SUBMARKETS



Rental Rate Comparison (\$/sf)*

CALGARY SUBMARKETS



*based on all classes of available inventory

Calgary Q4 2024 - Industrial

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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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