

Market Facts

7.4% ↓

Vacancy
(Q4 2018: 7.9%)

8.6% ↑

Availability*
(Q4 2018: 8.4%)

803,000 SF +

Absorption
(Q4 2018 - 768,000 SF)

2,189,000 SF ↔

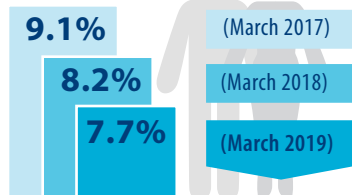
Under Construction
(Q4 2018: 2,189,000 SF)

0 SF ↓

Completed
(Q4 2018: 1,860,000 SF)

*Includes properties under construction which are expected to be completed within 6 months

UNEMPLOYMENT RATE



Source: Statistics Canada

First Quarter 2019 / Industrial Market Report

Calgary

Market Highlights

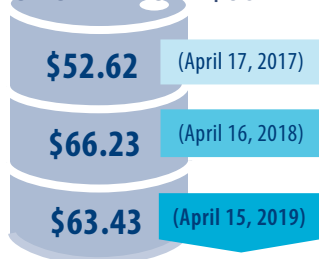
- First-quarter 2019 marks eight consecutive quarters of positive absorption. 2018, with 3.6 msf of positive absorption, was the strongest year of absorption since 2015. Meanwhile, 2019 has started on a strong foot, with over 800,000 sf of positive absorption recorded in the first quarter of the year.
- Vacancy is continuing its downward trend, decreasing to 7.4% during the first quarter of 2019 from 7.9% in fourth quarter 2018, and is also down from 7.7% recorded 12 months ago in first quarter 2018.
- While no new construction commenced or new supply delivered in the first-quarter of 2019, Calgary is in the midst of a sizeable development cycle, with 2.2 msf expected to be completed in 2019, while 2018 saw 3.6 msf of new supply added to the market.
- E-commerce and consumer product distribution services continue to drive demand for warehouse space.
- Property tax differentials between the City of Calgary and surrounding municipalities continue to push many large format warehouse users into Rocky View County.
- Investor appetite for industrial product is expected to be robust in 2019. Both fully-occupied, investment-grade buildings and speculative development sites are anticipated to be in high demand.
- With the provincial election coming to a close, some companies are moving forward with decisions as more market certainty builds. The federal election is set for the fall, and some companies will await what changes may result and what the impact on policy could be. It is anticipated that leasing activity will increase further should the results involve a change to a new, business-friendly administration. Positive absorption is expected to continue throughout 2019.

Calgary Average Industrial Rental Rates by Size

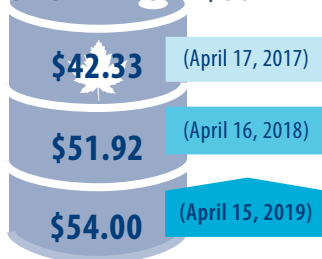


		VACANCY	QUARTERLY ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	QUARTERLY NEW SUPPLY (SF)
Northeast	Q1 2019:	6.9%	157,773	824,796	0
	Q4 2018	7.2%	242,948	824,796	971,113
	Q1 2018:	8.8%	-129,966	981,500	0
Southeast & East of 84th Street	Q1 2019:	8.3%	393,243	839,843	0
	Q4 2018	8.9%	640,162	839,843	203,867
	Q1 2018:	8.1%	992,538	484,972	0
South Central	Q1 2019:	5.9%	-163,292	0	0
	Q4 2018	5.3%	-4,817	0	0
	Q1 2018:	5.2%	-94,381	0	0
Balzac	Q1 2019:	11.2%	421,046	524,490	0
	Q4 2018	18.1%	-94,703	524,490	684,861
	Q1 2018:	10.8%	0	1,018,346	0
Airdrie	Q1 2019:	6.9%	-5,574	0	0
	Q4 2018	6.8%	-15,770	0	0
	Q1 2018:	5.3%	0	19,775	0
Conrich	Q1 2019:	0.0%	0	0	0
	Q4 2018	0.0%	0	0	0
	Q1 2018:	0.0%	0	416,000	0
Overall	Q1 2019:	7.4%	803,196	2,189,129	0
	Q4 2018	7.9%	767,820	2,189,129	1,859,841
	Q1 2018:	7.7%	768,191	2,920,593	0

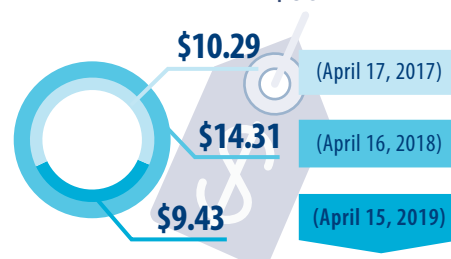
WTI SPOT PRICE (\$US/BARREL)



WCS SPOT PRICE (\$US/BARREL)



DIFFERENTIAL (\$US/BARREL)



Source: U.S. Energy Information Administration, Bloomberg

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QUARTERLY PROPERTY SALES VOLUME (\$CAD)



Calgary CMA*
Industrial property sales valued >+\$1,000,000 CAD
Property Sales Source: RealNet Canada Inc.

