



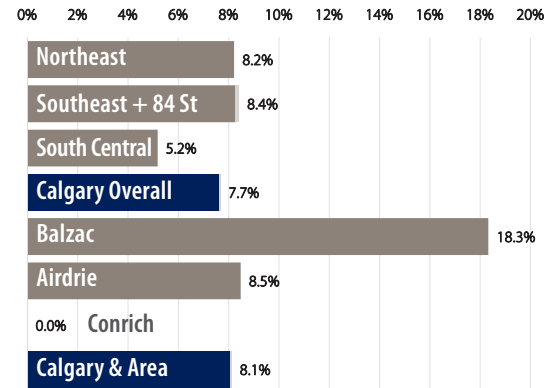
## Third Quarter 2019 / Industrial Market Report

# Calgary

### Market Highlights

- Third-quarter 2019 marks ten consecutive quarters of positive absorption. 2018, with 3.6 million square feet (msf) of positive absorption, was the strongest year of absorption since 2015. Meanwhile, 2019 while slower than 2018, has already posted almost 1.7 msf of positive absorption in the nine months of the year.
- While vacancy did increase for the second quarter in a row in third-quarter 2019, both increases were the result of new supply coming onto the market faster than it could be absorbed. Industrial vacancy for Calgary and area increased to 8.1% during the third quarter of 2019 from 7.6% in second-quarter 2019, and is above last year's vacancy of 7.3% in third-quarter 2018.
- 1.3 msf of new supply was delivered in third-quarter 2019, bringing pause to the development cycle taking place over the last two years, which has seen 5.7 msf added to the Calgary industrial market since the beginning of 2018. 376,000 sf of new industrial properties remain under construction as of the end of third-quarter 2019.
- Many businesses appear to be taking a wait-and-see approach to their real estate decisions pending the results of the Federal Election. Decision makers want to see certainty around what is going to happen with a variety of energy projects and policy choices, before they will commit to a property sale or lease. This certainty may take several months following the conclusion of the election results to settle into place.

### Calgary Average Industrial Vacancy Rates by Location



### Calgary Average Industrial Rental Rates by Size



- The current forecast for the Calgary industrial market is for continuing positive absorption in 2019 and into 2020. Further development in the small-to-midsize bay product is expected to take place when the new construction season begins in the spring of 2020.

### Market Facts

**8.1%** ↗

Vacancy  
(Q2 2019: 7.6%)

**8.3%** ↘

Availability\*  
(Q2 2019: 8.5%)

**576,000 SF** +

Absorption  
(Q2 2019 - 276,000 SF)

**376,000 SF** ↘

Under Construction  
(Q2 2019: 1,718,000 SF)

**1,342,000 SF** ↗

Completed New Supply  
(Q2 2019: 713,000 SF)

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

### UNEMPLOYMENT RATE

(September 2019) **7.1%**

(September 2018) **8.1%**

(September 2017) **8.3%**

Source: Statistics Canada

		INVENTORY (SF)	VACANCY	QUARTERLY ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	QUARTERLY NEW SUPPLY (SF)
Northeast	Q3 2019:	49,740,689	8.2%	-89,747	338,160	486,636
	Q2 2019:	49,254,053	7.1%	-128,943	824,796	0
	Q3 2018:	48,282,940	5.8%	1,104,518	971,113	374,000
Southeast & East of 84th Street	Q3 2019:	63,550,837	8.3%	776,396	0	330,544
	Q2 2019:	63,220,293	9.0%	163,739	330,544	712,730
	Q3 2018:	62,303,696	9.6%	-156,659	916,597	120,609
South Central	Q3 2019:	30,007,953	5.2%	61,606	0	0
	Q2 2019:	30,007,953	5.4%	151,387	0	0
	Q3 2018:	30,007,953	5.3%	31,164	0	0
Balzac	Q3 2019:	6,661,927	18.3%	-132,930	0	524,490
	Q2 2019:	6,137,437	9.2%	125,494	524,490	0
	Q3 2018:	5,452,576	6.1%	733,476	1,209,251	600,000
Airdrie	Q3 2019:	4,894,795	8.5%	-39,278	38,139	0
	Q2 2019:	4,794,795	7.7%	-35,343	38,139	0
	Q3 2018:	4,794,795	6.5%	-3,486	0	19,775
Conrich	Q3 2019:	680,802	0.0%	0	0	0
	Q2 2019:	680,802	0.0%	0	0	0
	Q3 2018:	680,802	0.0%	0	0	0
Overall	Q3 2019:	155,437,003	8.1%	576,047	376,299	1,341,670
	Q2 2019:	154,095,333	7.6%	276,334	1,717,969	712,730
	Q3 2018:	151,522,762	7.3%	1,709,013	3,097,061	1,114,784

WTI SPOT PRICE (\$US/BARREL)

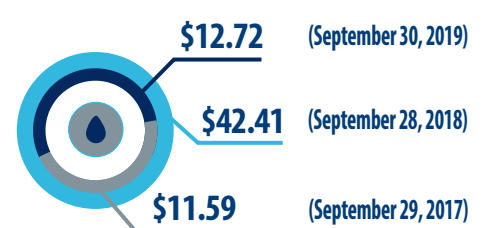


Source: U.S. Energy Information Administration, Bloomberg

WCS SPOT PRICE (\$US/BARREL)



DIFFERENTIAL (\$US/BARREL)



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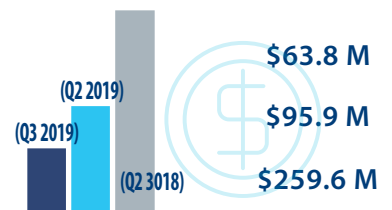
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QUARTERLY PROPERTY SALES VOLUME (\$CAD)



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

