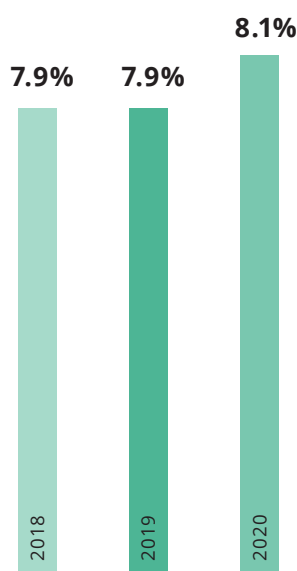


Calgary's industrial market saw a significant downward shift in availability in the fourth quarter of 2020. This decrease in availability was due to several large third-party logistics (3PL) or in-house groups securing fulfillment space due to increased e-commerce demand.



Year-End Overall
Vacancy Rates



Top 4 2020 Industrial Trends



#1 E-Commerce

Once a gradual shift, the demand for e-commerce grew exponentially as the world went into lockdown. As a result, the need for in-house and third-party logistics (3PL) distribution centre and fulfillment space surged as companies looked to shore up their supply chains, bringing vacancy in this segment of the market down significantly and spurring new speculative construction. Both rents and demand are expected to grow as these users continue to secure space close to end consumers.

For further reading on this subject please visit our more detailed look at the trends of "Hyperlocal" and "(De)globalization 2.0" in our ["10 Trends for 2021"](#).



#2 Short-Term Deals

Opposite to what is happening in the office and retail sectors, industrial vacancy has decreased during the COVID-19 pandemic. However, some of this recent absorption is because of short-term deals being signed by distribution centres looking to meet surging e-commerce demand in a period of low construction. While e-commerce is not going to disappear, it remains to be seen whether there will be a shift back to storefront retail once an end to the pandemic situation is determined.



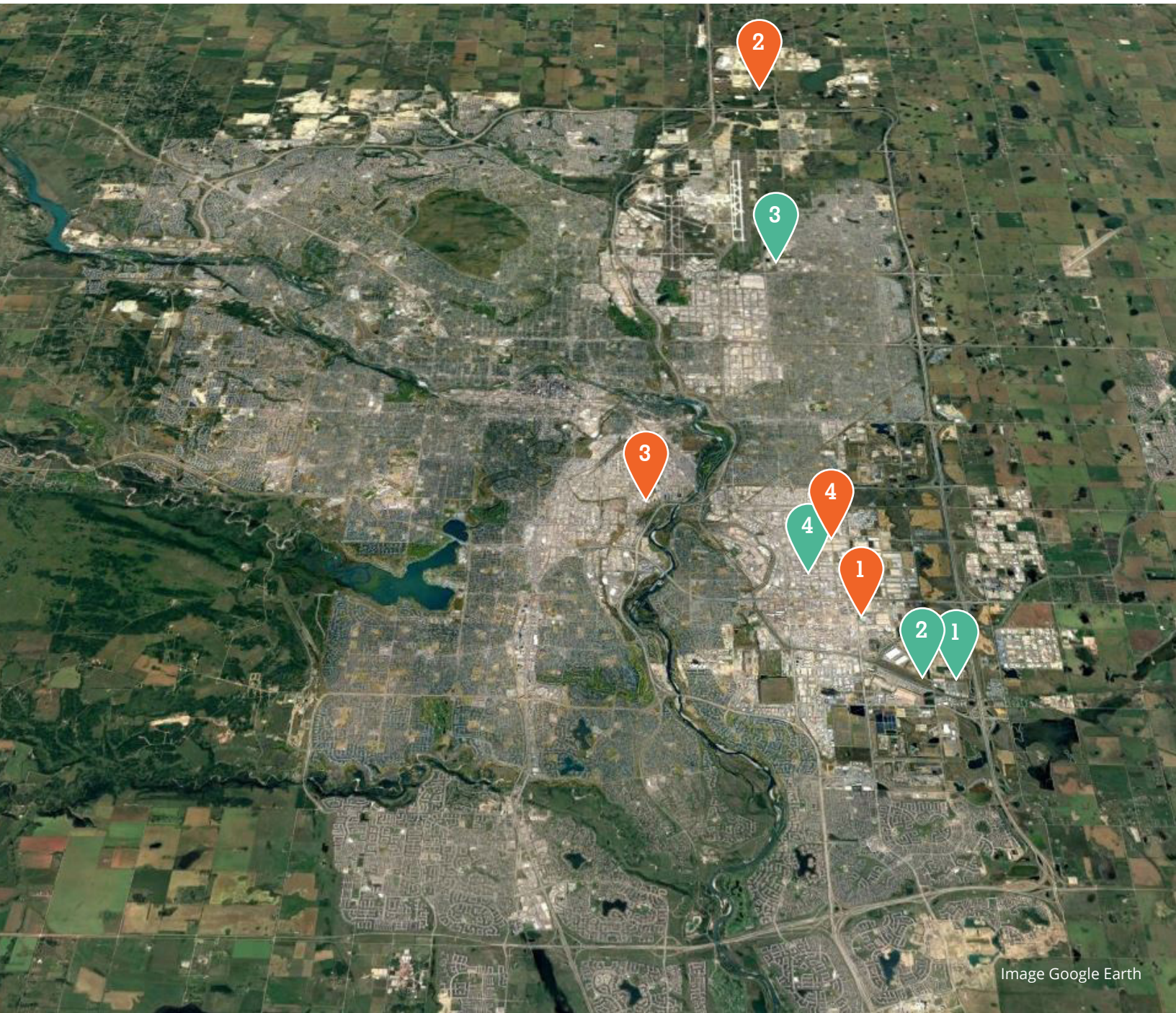
#3 Low sales activity in second half

Overall sales activity was below the long-term average in the second half of 2020. Even with low interest rates, until certainty and confidence return to small and mid-size users, this segment of the market is not expected to see much improvement in 2021. Overall, the dollar volume of sales of industrial properties over \$1M was down 49% in 2020 versus the previous year.



#4 Small Bay Struggles

Much like the office and retail sectors, older generation, small-bay industrial space, especially buildings with under 28' of clear height, have seen an increase in vacancy over the last year and are expected to continue to struggle for the foreseeable future. It isn't just the size of user being challenged in the COVID-19 environment, but the type of user as well. Manufacturing and service industrial have seen an economic divergence from the transportation and logistics sector.

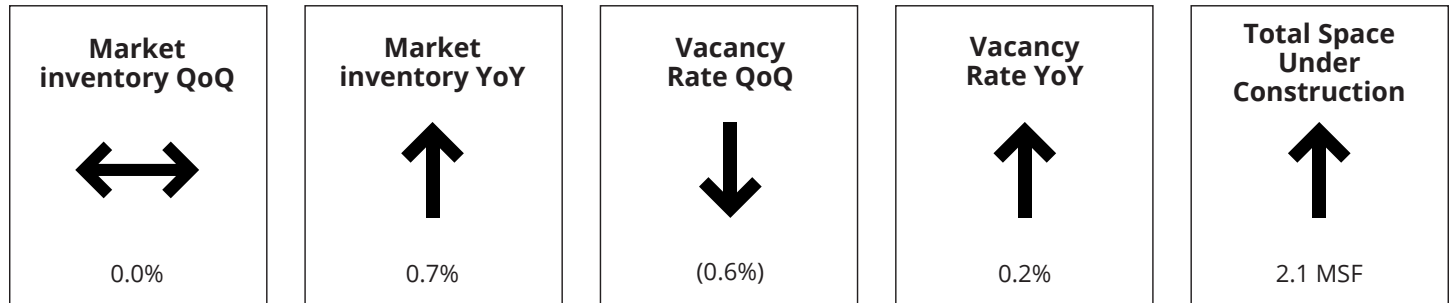


Notable Sales

- | | |
|--|--|
| <p>1 Address: 5300 86 Avenue SE
Building Size: 165,347 sf
Sale Price: \$30,296,740
Location: Calgary - SE</p> | <p>2 Address: 261185 Wagon Wheel Way
Building Size: 95,180 sf
Sale Price: \$13,750,000
Location: Balzac</p> |
| <p>3 Address: 1320 Highfield Crescent SE
Building Size: 57,164 sf
Sale Price: \$9,350,000
Location: Calgary - South Central</p> | <p>4 Address: 4919 61 Avenue SE
Building Size: 42,542 sf
Sale Price: \$5,950,000
Location: Calgary - SE</p> |

Notable Leases

- | | |
|---|--|
| <p>1 Address: 6600 72 Avenue SE
Lease Size: 500,000 sf
Tenant: Canadian Tire
Location: Calgary - SE</p> | <p>2 Address: 5801 72 Avenue SE
Lease Size: 160,000 sf
Tenant: Metro Logistics
Location: Calgary - SE</p> |
| <p>3 Address: 4100 Westwinds Drive NE
Lease Size: 140,000 sf
Tenant: Longview
Location: Calgary - NE</p> | <p>4 Address: 5040 72 Avenue SE
Lease Size: 110,000 sf
Tenant: ID Foods
Location: Calgary - SE</p> |



	Total Inventory	Vacant Space	Available Space	Vacancy Rate	Availability Rate	Absorption	Serviced Land Cost
City of Calgary							
Northeast	46,440,562	4,012,542	134,438	8.6% ▼ (0.5%)	8.9% ▼ (1.1%)	355,271	\$775,000 - \$1,000,000
SE & 84th Street	64,543,992	4,981,086	733,604	7.7% ▼ (0.4%)	8.9% ▲ 0.3%	278,909	\$600,000 - \$750,000
South Central	24,142,244	1,761,086	130,340	7.3% ▲ 0.7%	7.8% ▲ 0.9%	(104,813)	\$900,000 - \$1,000,000
Surrounding Districts							
Balzac	7,384,850	938,841	-	12.7% ▼ (5.3%)	12.7% ▼ (5.3%)	392,496	\$500,000 - \$700,000
Airdrie	4,832,934	344,197	-	7.1% ▼ (1.5%)	7.1% ▼ (1.5%)	69,309	\$395,000 - \$600,000
Conrich	680,802	-	-	0.0% - (0.0%)	0.0% - 0.0%	-	\$450,000 - \$500,000
Totals							
City	135,126,798	8,273,056	998,382	8.0% ▼ (0.2%)	8.7% - (0.0%)	529,367	-
Surrounding	12,898,586	2,931,959	-	9.9% ▼ (3.6%)	9.9% ▼ (3.6%)	461,805	-
Overall	148,025,384	11,205,015	998,382	8.1% ▼ (0.6%)	8.8% ▼ (0.4%)	991,172	-

	Northeast		SE & 84th Street		South Central		Balzac		Airdrie		Conrich	
Bay Size:	Net Asking Rent	Tax & Op. Costs	Net Asking Rent	Tax & Op. Costs	Net Asking Rent	Tax & Op. Costs	Net Asking Rent	Tax & Op. Costs	Net Asking Rent	Tax & Op. Costs	Net Asking Rent	Tax & Op. Costs
0 - 5,000 sf	\$10.50	\$6.26	\$11.00	\$6.66	\$11.50	\$6.69	-	-	\$10.00	\$4.63	-	-
5,001 sf - 10,000 sf	\$10.25	\$5.54	\$10.50	\$5.27	\$9.75	\$5.86	\$9.50	\$2.47	\$8.50	\$4.45	-	-
10,001 sf - 20,000 sf	\$9.50	\$5.35	\$9.75	\$4.81	\$9.00	\$5.30	-	-	\$8.50	\$4.09	-	-
20,001 sf - 50,000 sf	\$8.25	\$4.96	\$8.75	\$4.01	\$7.50	\$4.24	-	-	-	-	-	-
50,001 sf & Up	\$7.50	\$3.70	\$8.50	\$3.74	\$6.25	\$3.37	\$7.50	\$2.24	\$3.50	\$3.77	-	-

Feature Listings



9115 52nd Street SE

Calgary, AB - South Foothills Industrial Park

Available	39,636 sf on 3.73 acres
Lease Rate	Market

Additional

Outstanding A-class, full-service heavy truck dealership and maintenance facility. Dedicated service areas with seven full-depth bays with drive-through capability.



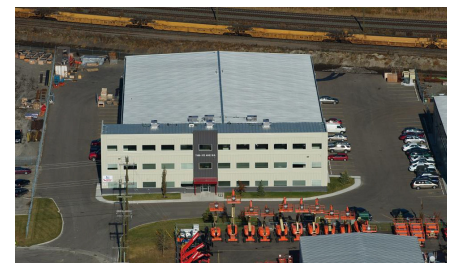
7220 44th Street SE

Calgary, AB - Foothills Industrial Park

Available	23,035 sf
Lease Rate	\$7.50 psf

Additional

Functional office/warehouse facility with well-built improvements. Loading: 3 drive-in & 3 dock, Clear Height: 26', Power: 400A @ 600V (TBV). Available Immediately.



7100 112th Avenue SE

Calgary, AB - Dufferin Industrial Park

Available	35,087 sf on 1.77 acres
Lease Rate	\$13.00 psf

Additional

Freestanding building with 3 floors of office (2 developed). Fully paved storage yard with 44 parking stalls. Functional shop with dock and drive-in loading, make up air and cranes.

[Click here all of our available properties.](#)

Avison Young Calgary Spotlight Service: Debt Management

Innovative Debt Solutions

The Avison Young Western Canada Debt Capital Markets team excels in assisting owners, developers and operators to efficiently access capital from institutional investors, equity markets and private wealth. Debt origination includes fixed and floating rate structures, permanent (term), construction, bridge & mezzanine financing and CMHC insured mortgages. We approach every assignment with the unique perspective of a fully-integrated, full service capital solutions provider that is exceptionally adept at executing debt placements along the entire capital stack. With over 50 years of combined debt/equity capital markets experience we have created meaningful relationships that can be put to work for you.

Industrial remains one of the asset classes that is in strong demand from Lenders, with capital readily available for owner-user and investment industrial properties. Applications for mortgages today require a much more stringent level of due diligence (in terms of COVID impact to the Borrower and tenants), and the Avison Young Debt Capital team has been successful in assisting clients navigate the current market and securing financing for industrial properties across Western Canada at extremely favourable terms.

Core Capabilities

- Construction / Permanent Debt Financing
- JV Partner Sourcing
- Mezzanine Bridge Loans
- Agency Insured Mortgages – CMHC
- Asset Based Lending

Approach

- Value Added Placement
- Unbiased Client Representation
- International & Institutional Firm
- Multi-Talented Diverse Team
- Integrated Approach
- Client Support
- Local Market Collaboration

Avison Young Clients

- Institutional Owners
- REITs (Public & Private)
- Pension Funds & Advisors
- Real Estate & Land Developers
- Foreign & Sovereign Investors
- Private Equity & Debt Funds
- Business Owners



Brennan Yadlowski
Associate
D +1 403 232 4301
brennan.yadlowski@avisonyoung.com

Our Team

Kent Bacon
Principal
403 232 4330
kent.bacon@avisonyoung.com

Sean Day
Senior Vice President
403 232 432
sean.day@avisonyoung.com

Tyler Wellwood
Senior Vice President
403 232 4386
tyler.wellwood@avisonyoung.com

Darcy Whalen
Vice President
403 232 4380
darcy.whelen@avisonyoung.com

David Jantzie
Senior Associate
587 293 3360
david.jantzie@avisonyoung.com

Porcha Palmer
Executive Assistant
403 232 0721
porcha.palmer@avisonyoung.com

Brett Pinder
Associate
403 232 4314
brett.pinder@avisonyoung.com

Susan Thompson
Research Manager
403 232 4344
susan.thompson@avisonyoung.com

Jenilee Cathcart
Marketing Coordinator & Graphic Designer
403 232 4308
jenilee.cathcart@avisonyoung.com

**Get more
market
information**

Calgary Industrial Team

+1 403 262 3082
@AYCalgary

Avison Young
585 - 8th Avenue SW
Suite 1200
Calgary, AB T2P 1G1 Canada

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