

Greater Calgary & Area's Second Quarter Industrial Landscape

Market Analysis Q2 2025

QUARTERLY STATS - Q2 2025

Overall

95.3% -0.8% OVERALL OCCUPANCY RATE
(Total leased space)

4.7% +0.7% OVERALL VACANCY RATE
(Space marketed for headlease only)

6.6% +1.0% OVERALL AVAILABILITY
(Total amount of space available for headlease, sublease and sub-sublease)

By Area

NORTHEAST **4.8%** +1.1% VACANCY
6.5% +1.4% AVAILABILITY

SOUTHEAST **3.7%** NO CHANGE VACANCY
6.4% +0.2% AVAILABILITY

SOUTH CENTRAL **1.9%** -0.1% VACANCY
2.9% NO CHANGE AVAILABILITY

BALZAC **11.0%** -1.5% VACANCY
13.8% -1.1% AVAILABILITY

OUTLYING **9.1%** +2.1% VACANCY
9.7% +2.4% AVAILABILITY

By Size (Calgary)

0-5,000 SF **1.4%** +0.14% VACANCY

5,001-17,500 SF **2.2%** -0.16% VACANCY

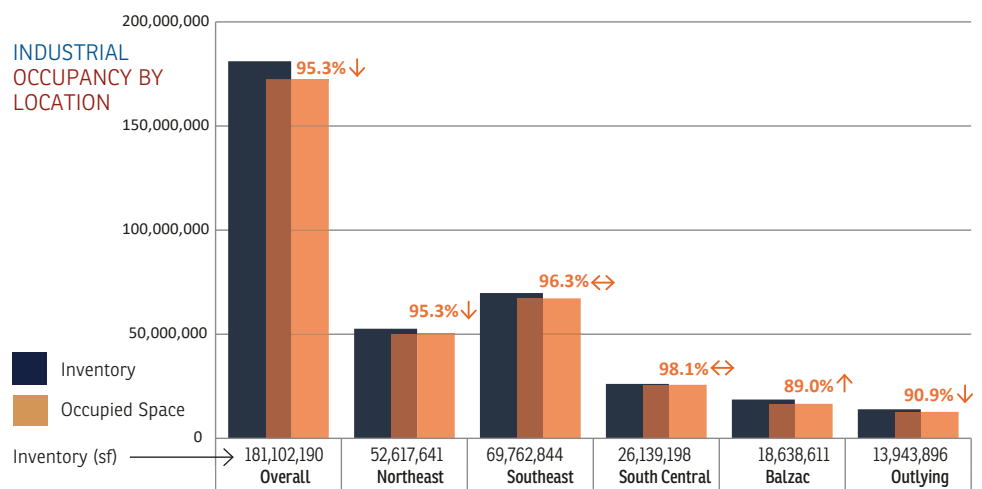
17,500+ SF **4.9%** +1.14% VACANCY

Source: CoStar

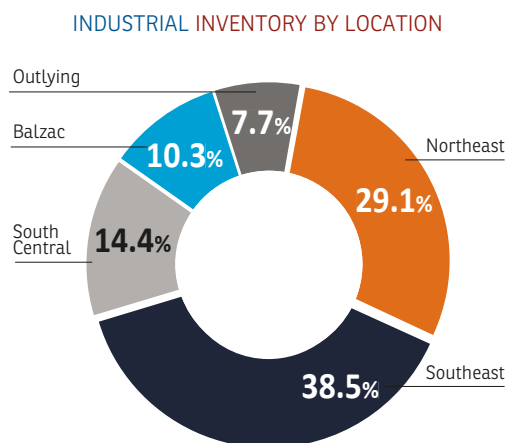
The second quarter of 2025 reaffirmed Calgary's reputation as one of Canada's most resilient industrial markets. Despite ongoing global economic uncertainty and shifting geopolitical conditions, the city's industrial market continued to lead this quarter. This performance is underscored by population growth, strategic infrastructure, and a steadily diversifying economy, particularly in the logistics, manufacturing, and distribution sectors.

Market Sentiment

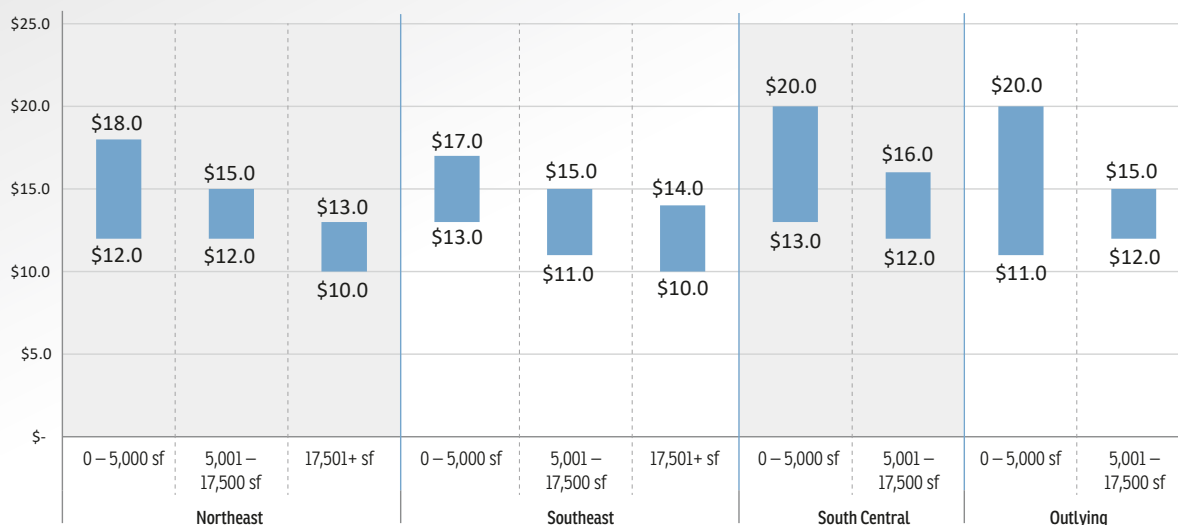
While overall occupancy declined slightly to 95.3%, driven in part by new inventory hitting the market, leasing momentum remained steady – particularly in the small and mid-bay segments. The overall vacancy rate rose to 4.7%, and total availability increased to 6.6%, including 1.9% in sublease space. These increases reflect a combination of new completions and evolving tenant needs rather than any softening of market fundamentals.



Among Calgary's key industrial submarkets, South Central maintained its position as the tightest area, with availability holding at just 2.9%. The Southeast and Northeast quadrants posted slightly increased availability rates of 6.4% and 6.5%, respectively. Balzac, which saw a large wave of new listings earlier this year, recorded an availability rate of 13.8%, although vacancy decreased from the previous quarter. The outlying areas experienced some of the highest vacancy and availability levels, as larger-format inventory continued to linger on the market.



AVERAGE ASKING RATES BY LOCATION AND SIZE



Leasing Drivers

Leasing activity this quarter was again driven by users seeking spaces under 17,500 square feet. Demand in this segment has placed upward pressure on rents, which have increased between 3-4% year-over-year. In contrast, larger-format spaces have experienced slower absorption and rising vacancy, as tenant expectations around rates, specifications, and building quality increasingly exceed what is available in the current inventory. Although demand tied to artificial intelligence and automation sectors has not yet become a measurable force in Calgary's industrial landscape, it is widely expected to emerge as a significant contributor to industrial absorption in the upcoming future.

Following several years of heightened construction activity, the pace of new industrial development in Calgary has slowed. Developers remain cautious amid broader economic concerns, and the city's current under-construction pipeline sits at approximately 1.2 million square feet – the lowest level recorded since 2020. Optimistically, the majority of space delivered this quarter was pre-leased, reflecting continued alignment between supply and demand for quality product in well-located areas.

Policy Response

The City of Calgary remains committed to retaining and attracting industrial users within city limits. As development in peripheral areas like Balzac continues – driven by available land and large-format construction, Calgary is taking steps to retain industrial users by promoting new opportunities within its jurisdiction. A newly launched incentive program, part of the broader Industrial Action Plan under Calgary's Citywide Growth Strategy, is now in place to offset high land servicing costs and promote sustainable development. The initiative also aligns with regional growth priorities especially in coordination with Rocky View County's Prairie Economic Gateway. Industrial lands remain an essential component of Calgary's economic base, contributing 22% of annual tax revenue and supporting over 11% of the city's total employment*. These areas continue to attract investment and anchor new business growth in key industries such as transportation, manufacturing, and distribution.

Looking Ahead...

Calgary's industrial market is expected to remain balanced and resilient through the second half of 2025. Activity will likely continue to concentrate in the small- and mid-bay segment, while vacancy in large-format and peripheral areas may edge higher if supply continues to outpace near-term demand. As tenant needs evolve and new sectors begin to shape demand, Calgary is well positioned to adapt and grow through the next cycle. ■

* The City of Calgary.

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



Aluma-form Manufacturing leased 107,887 sq. ft. in CrossIron Distribution Centre – Building 1.



Winners Merchant Int. LP leased 248,000 sq. ft. in Nose Creek Business Park

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