

MARKET REPORT

Industrial
Calgary Metro Area

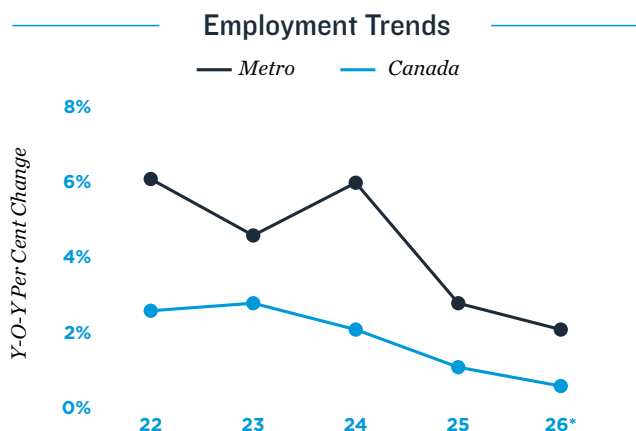
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2Q/26

Broad Strength Drives Space Demand Recovery Amid Improving Builder Sentiment

Space demand rising in a resilient economy. Calgary's industrial sector delivered stronger-than-expected performance in 2025. Net absorption rebounded in the second half of the year after a brief slowdown in the first two quarters, driving the annual vacancy rate lower. This momentum carried into the first quarter of this year, as space demand once again outpaced completions, pushing vacancy to its lowest level since 2023. Supported by Calgary's resilient economy, tenants have largely looked past trade-related uncertainty, fueling a broad-based recovery in leasing activity across all bay sizes. Moreover, major nation-building projects and the recent surge in oil prices stemming from the conflict in the Middle East are expected to bolster growth by boosting the energy sector, adding another layer of support to leasing momentum. With these demand drivers in place, net absorption is now projected to finish the year above earlier expectations, resulting in a lower vacancy rate than initially anticipated.

Construction has bottomed. Deliveries hit just 1.0 million square feet last year, underscoring the erosion in builder confidence as vacancy rose between 2022 and 2024. That said, development has begun to reaccelerate, with space under construction increasing nearly fourfold from the middle of 2025 to the first quarter of this year. This sharp uptick likely signals an early improvement in builder sentiment, driven primarily by the ongoing recovery in space absorption. With both demand and supply now improving, the rebalancing phase that characterized much of the past three years appears to be ending.



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

Industrial 2026 Outlook



**20,000
JOBS**
will be created

EMPLOYMENT

Supported by rising oil production and continued population growth, Calgary is projected to post the strongest job growth among major Canadian metros. After peaking in the third quarter of 2025, the unemployment rate is likely to hold below 7.0 per cent.



**2.7 MILLION
SQ. FT.**
will be completed

CONSTRUCTION

Completions are expected to rebound from last year's trough. Deliveries offer a mix of large- and small-bay, catering to both Calgary's growing role as a distribution hub and strong demand from firms serving the local economy.



**70
BASIS POINT**
decrease in vacancy

VACANCY

Space demand is expected to continue improving amid resilient economic growth. Net absorption is forecast to outpace new supply, leading to the second consecutive year of vacancy decline since 2022. By year-end, the rate is forecast to drop to 2.9 per cent.

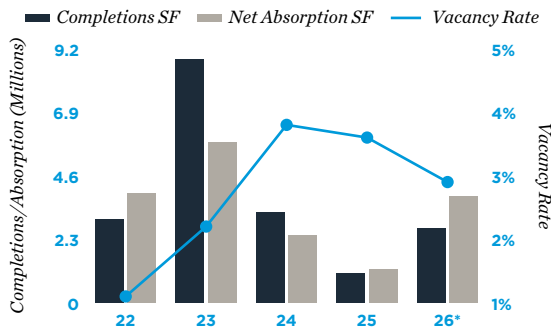


**4.0%
INCREASE**
in asking rent

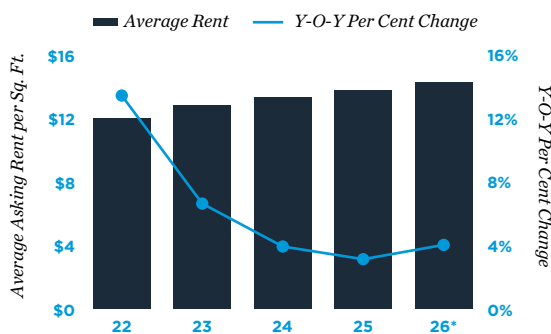
RENT

As the vacancy rate dips below 3.0 per cent toward the end of the year, rent growth is expected to accelerate. The average asking rate is forecast to surpass its previous peak, establishing a new all-time high in 2026.

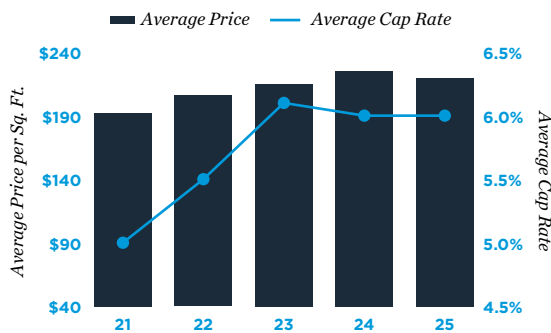
Supply and Demand



Rent Trends



Sales Trends



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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1Q 2026: Trailing 12-Month Period



CONSTRUCTION

1,275,000 sq. ft. completed

- Completions declined 57 per cent year-over-year, with just 120,000 square feet delivered between the fourth quarter of 2025 and the first quarter of 2026. Last year, total completions fell to their lowest level since 2020.
- Interlink Logistics Park was the largest opening, delivering 660,000 square feet of new space along Nose Creek Boulevard.



VACANCY

30 basis point decrease in vacancy Y-O-Y

- Vacancy rose by 50 basis points between the first and third quarters last year before declining by 80 basis points as net absorption rebounded. By March 2026, the vacancy rate had fallen to 3.2 per cent, its lowest level since 2023.
- Despite this decline, the vacancy rate remained well above the post-pandemic low of 1.1 per cent recorded between 2021 and 2022.



RENT

3.9% decrease in the average asking rent Y-O-Y

- Asking rents softened year-over-year, as leasing activity was concentrated in higher-end properties, leaving lower-rent space on the market.
- Meanwhile, despite falling vacancy, some property owners have been hesitant to reduce face rents or shorten lease terms, opting instead to offer more aggressive concessions and incentives.

Investment Highlights

- Following subdued investment in 2024, transactions rebounded last year. Dollar volume jumped 80 per cent, alongside an 18 per cent rise in the number of trades, signaling a renewed inflow of capital into the market toward large-bay facilities. Most of these high-profile deals were completed between the second and third quarters, pointing to a flight-to-quality dynamic as Calgary proved relatively insulated from trade risks. At the same time, smaller deals below \$10 million also recorded solid gains, indicating a broad-based recovery in investor confidence tied to positive local economic conditions.
- While the average sale price edged down by 2.0 per cent last year, it has remained relatively stable at approximately \$220 per square foot over the past three years. Meanwhile, the average cap rate, which peaked at 6.1 per cent in 2023, has since stabilized near 6.0 per cent, pointing to broadly steady pricing despite shifting market conditions.
- As Calgary's Citywide Growth Strategy increasingly emphasizes the strategic concentration of industrial development, and Canada's next phase of nation-building focuses on expanding energy infrastructure, the metro is well positioned to capture sustained demand and investment over the long term.