Market Report

INDUSTRIAL 3Q/26

Calgary Metro Area

IPA | INSTITUTIONAL PROPERTY ADVISORS

Tightening Property Conditions Meet Strong Economic Outlook

Industrial fundamentals are regaining momentum. Calgary's industrial market has strengthened after a period of supply-driven softening in 2023 and 2024, as elevated deliveries pushed vacancy rates higher from historic lows. More recently, moderating construction and improving leasing activity have pushed vacancy rates lower. Persistent competition for small- and mid-bay space has been complemented by renewed demand for larger distribution facilities. Near-term uncertainty may temper the recovery, but tightening conditions and disciplined supply position the market favourably for its next phase of growth.

Economic outlook increasingly aligning with industrial performance. Despite a softer national backdrop, Calgary is forecast to be Canada's fastest-growing economy, with GDP growth accelerating toward 3 per cent annually over the medium term. Importantly, the retail, distribution, and transportation sectors are likely to be among the leading contributors to growth, reinforcing Calgary's role as a Western Canadian distribution hub. Efforts to expand energy infrastructure and diversify export capacity are also likely to generate additional demand across transportation, warehousing, construction, and supporting industries, broadening the economic drivers underpinning industrial space demand.

2026 FORECAST

EMPLOYMENT

55,000	5.5%
Jobs will be created	Increase Y-O-Y

CONSTRUCTION

1,920,000	61%
Sq. ft. will be added	More than last year

VACANCY

2.9%	70
Vacancy rate	BPS decrease Y-O-Y

RENT

$14.18	3.0%
Average asking rent by year-end	Increase Y-O-Y

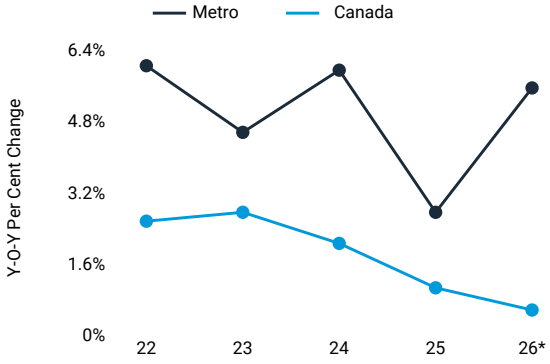
EMPLOYMENT

Calgary is set to lead major Canadian metros in job growth this year, providing a strong foundation for industrial space demand. While job gains are expected to moderate thereafter, GDP growth is forecast to accelerate toward 3 per cent annually. Calgary's expanding role as a Western Canadian logistics hub should sustain labor demand across retail, distribution, and transportation professions. Expansion in these sectors, along with population growth, should drive higher demand for industrial space.

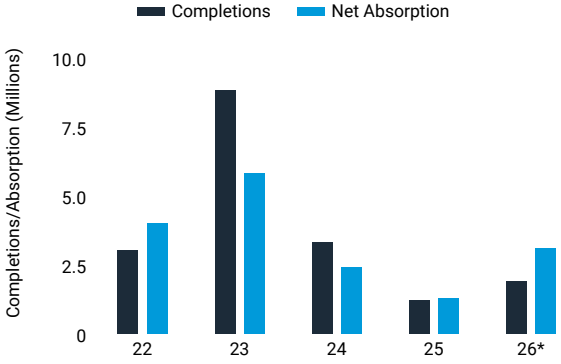
CONSTRUCTION

Industrial deliveries are rising from last year's trough but remain well below pandemic-era highs, limiting near-term supply pressure. Starts are increasing, however, with the pipeline expanding for four consecutive quarters. New supply remains disciplined, however, with 89 per cent of second-quarter deliveries pre-leased and more than 90 per cent over the past year committed before completion. That said, speculative builds are also increasing as tightening availability and improving leasing give developers greater confidence.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



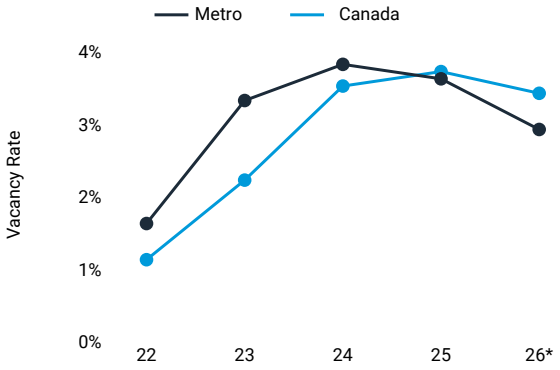
* Forecast

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

VACANCY

Vacancy is expected to trend lower through 2026 as strengthening demand outpaces new supply. Leasing momentum has improved across large-format distribution properties, while small- and mid-bay space remains particularly constrained. Although rising construction starts could create some upward pressure over the medium term, substantial pre-leasing and build-to-suit activity should limit supply risk and keep vacancy at historically healthy levels.

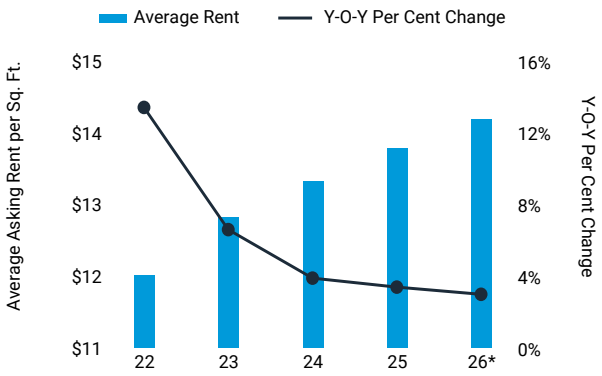
VACANCY TRENDS



RENT

Tight small- and mid-bay availability will likely continue to support owner pricing power, while larger-format properties face a more competitive leasing environment. Improving absorption and limited near-term supply pressure should help stabilize rents across the broader market. Growth is expected to remain positive but moderate, moving from recent highs toward more sustainable levels. At the same time, Calgary's strong economic outlook and expanding industrial demand drivers should support longer-term rent growth.

RENT TRENDS



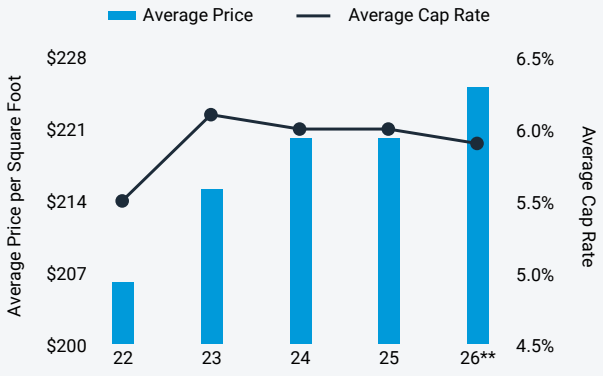
INVESTMENT HIGHLIGHTS

- Investment activity accelerated sharply in 2025, with industrial sales volume nearing $1.40 billion, up 89 per cent from the prior year and marking the strongest annual total in more than a decade. Deal flow was also broad-based, with nearly 200 trades completed, up 20 per cent. Improving financing conditions and property fundamentals, along with Calgary's attractive pricing and strengthening economic outlook, have supported investor confidence. Strong population growth and the city's expanding role as a Western Canadian distribution hub are likely to reinforce long-term demand.

- Values have remained resilient despite the higher-interest-rate environment, with average pricing around $220 per square foot over the past three years. Cap rates have shown similar stability, holding near 6 per cent during that time. Healthy investor demand, amid improving financing conditions and strengthening fundamentals, is likely to support valuations, while lower entry prices than other major industrial markets provide an additional demand tailwind.

- Improving fundamentals are creating a favourable development environment, with speculative construction reemerging. Much of the pipeline remains pre-leased or build-to-suit, limiting near-term supply risk. Tight small- and mid-bay conditions are also creating development opportunities. Calgary's affordable land and operating costs, along with a relatively strong economic outlook, could support further investment, although elevated construction and

SALES TRENDS



* Forecast; ** Through 2Q

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

Calgary Office:

MICHAEL HECK

Senior Managing Director, Market Leader

Tel: (604) 638-2121

michael.heck@marcusmillichap.com

For info on national industrial trends, contact:

JOHN CHANG

Senior Vice President, Chief Intelligence & Analytics Officer

Tel: (602) 707-9700

john.chang@marcusmillichap.com

Report prepared by:

FRANK ZHAO

Report edited by:

LUKE SIMURDA

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for $1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: IPA Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

© Marcus & Millichap 2026 | www.institutionalpropertyadvisors.com