Spring 2023

Calgary Market Report

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DOWNTOWN OFFICE TRENDS

Total Inventory (SF)		42,800,000
Total Availability	↔	30.1%
Asking Rental Rates (PSF)		$12.23

INDUSTRIAL TRENDS

SQ FT Net Absorption (Q1)		1,975,277
Vacancy Rate	↔	2.6%
Asking Rental Rates (PSF)	↑	$11.29
SQ FT Delivered to Market (YTD)		1,674,041
SQ FT Under Construction		7,205,071

SUBURBAN OFFICE TRENDS

Total Availability	↑	25.2%
Beltline Asking Rental Rates (PSF)	↔	$14.23
Suburban Asking Rental Rates (PSF)	↔	$15.60

RETAIL TRENDS

SQ FT Net Absorption (Q1)		-288,508
Vacancy Rate	↑	3.90%
Asking Rental Rates (PSF)	↑	$29.87
SQ FT Delivered to Market (YTD)		224,557
SQ FT Under Construction		1,251,572

Albertan Macro-Economic Overview

Despite geopolitical tensions, and national and global inflation, the Government of Alberta's plan to strengthen our economic output has come to fruition. This has helped in generating an unprecedented level of revenue, totalling $76 billion in just 12 months, thanks to the exponential growth of our energy sector.

Increased demand in the face of a global energy crisis has driven up prices for real estate, as it has all goods and services, leading to a ripe market for investment opportunities. Additionally, Alberta has seen a record-high influx of both interprovincial and international migrants, which encourages investment from both in-province and out-of-province investors.

The good news for Alberta continues, as TD Economics predicts a 2.7% increase in oil production through the rest of 2023, with upcoming projects like the Trans Mountain Pipeline expansion project helping to broaden Alberta's reach across global markets. Alberta is also expected to maintain the highest real GDP growth in 2023, along with Saskatchewan, according to TD and ATB, while other provinces are expected to experience relatively stagnant growth. The impacts of inflation in these larger provinces is expected to result in further investment into Alberta's market, as potential investors look to protect their wealth by transferring currency into tangible assets, such as real estate.

The ongoing skilled labour shortage in Alberta is a driving force for the population influx, as more Canadians turn to the prairies for a prosperous future. With a heavily inflated market in the Vancouver area, Calgary is serving as a sustainable western hub, attracting businesses and investments, particularly in the industrial sector, which has seen a substantial rise in demand for warehouse space, based largely on increased logistics and distribution needs.

Alberta's competitive tax regime makes it a more desirable destination for investment, further incentivizing growth. Although TD, RBC, and the Government of Alberta project further growth for Alberta, Deloitte believes that the looming fear of a projected recession in the USA will weigh heavily on Alberta's exports. However, Alberta has proven resilient in the face of stagnant growth and inflation earlier in 2022, thanks to geopolitical tension and increased energy demand.

Future energy projections are uncertain. On one hand, sanctions on Russia, a major energy exporter, and the completion of Canadian energy expansion projects create an environment poised for sustained energy sector growth. On the other hand, ongoing geopolitical tensions and the global energy crisis may lend to short-term industry issues. Regardless, Alberta energy has reached the EU market, through US exports. Relatively affordable energy exported from Alberta enables the US to bolster its own energy exports to the EU, through lower production costs.

In conclusion, Alberta's enterprising culture of hard work and resilience has once again proven to be a bastion of Canadian prosperity. Despite ongoing global challenges, Alberta's strong economic output, continued labour shortage, and competitive tax regime make it an attractive destination for investment. With sustained growth projected in the energy sector and a favourable economic outlook compared to other provinces, Alberta's future looks promising.

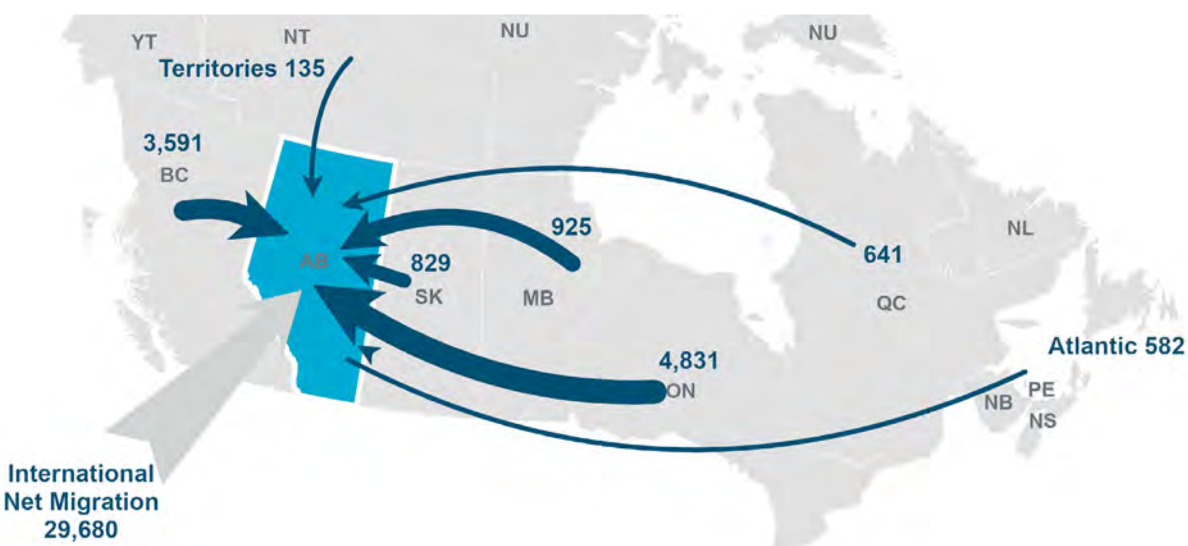


Figure 1.1 | Source: Government of Alberta via Statistics Canada

INDUSTRIAL MARKET OVERVIEW

Calgary's Industrial market continues to flourish with another strong start to 2023. Absorption in Q1 of 2023 was the fourth highest the city has hosted in more than five years, resulting in a slight increase in vacancy rates. Still, vacancy rates for the Calgary market still sit below 3% and inventory remains scarce.

Demand from purchasers and tenants for real estate space remains strong, with abundant activity in all sectors of the market. Competing offers on properties are becoming more common, with current inventory levels being so tight. Additionally, more lease transactions are being negotiated with escalations throughout the lease term, as landlords adjust to forecasted rental increases.

Absorption, Devliveries & Vacancy Rate

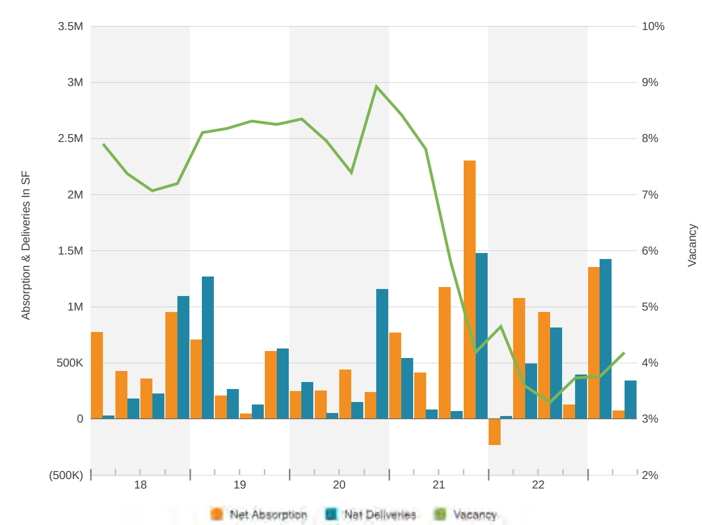


Figure 2.1 | Source: CoStar

The Balzac market continues to be an attractive landing spot for large distribution. Significant tax benefits act as one of the primary reasons for Calgary seeing an investor exodus, with tenants leaving city limits.

Approximately 7.2-million square feet of industrial space is currently under construction, and is expected to be delivered throughout 2023 and into early 2024. However, we don't expect this new inventory to ease demand, as up to 25% of the space currently under construction has already been pre-leased, with additional deals sure to quickly eat up inventory.

Based on the ongoing high demand and a lack of available space in the market, we are forecasting continued rate and pricing growth across the market throughout this year and into 2024 — at least while vacancy rates remain below 3%.

Calgary continues to earn the reputation as a top Western Canadian distribution hub, as evidenced by both CN Rail and CP Rail expanding their intermodal capacity in the market; and CN Rail recently labelling Calgary as "the primary centre for distribution in Western Canada."

Notable Industrial Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
Best Office Inc	486,000	High Plains Industrial Park	Headlease
XTL Transport Inc	474,060	Nose Creek Industrial Park	Headlease
Sierra Foods	360,000	Sierra Winds Business Park	Headlease
Transport Dsquare	251,730	CityLink Logistics Centre	Headlease

South Central Industrial Market

Low vacancy rates persist! This time last year, the area's vacancy rate was 2.7%; today, that vacancy rate has fallen even further to 2.4% (see figure 3.3). The industrial market of South Central Calgary is contributing to an increase in lease rental rates, due to the high demand and limited availability of industrial space.

With so few available properties for lease, tenants looking for industrial space may find themselves competing for the same properties, giving landlords and property owners the upper hand in lease negotiations. Projections show this issue is expected to continue, driving lease prices up considerably until new space is developed. Due to the shift to increased distribution and logistics space, there is an increase in demand for smaller industrial space, leading to a shift in development. This creates a potential affordability crunch in both directions: Collapsing vacancy rates drive up costs for existing spaces, while rising construction costs mean higher pricing for new industrial space.

Overall, it's important for businesses and tenants looking for industrial space in the South Central market to stay informed about market trends, and to negotiate with landlords to ensure they are getting a fair deal. They may also need to consider alternative locations or types of industrial properties that may offer more affordable lease rates.

South Central Market Rent & Asking Rent PSF

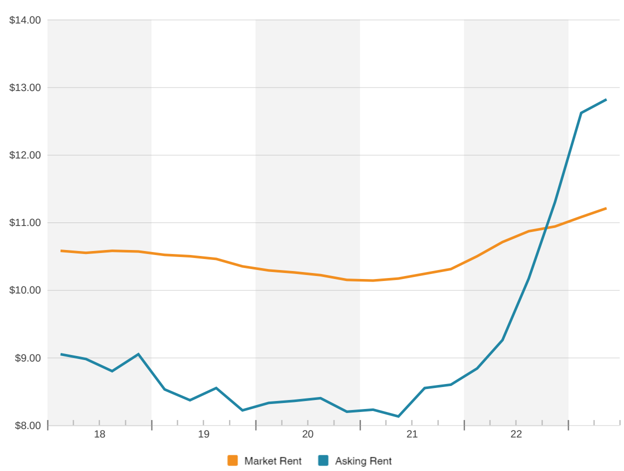


Figure 3.1 | Source: CoStar

South Central Availability & Vacancy Rate

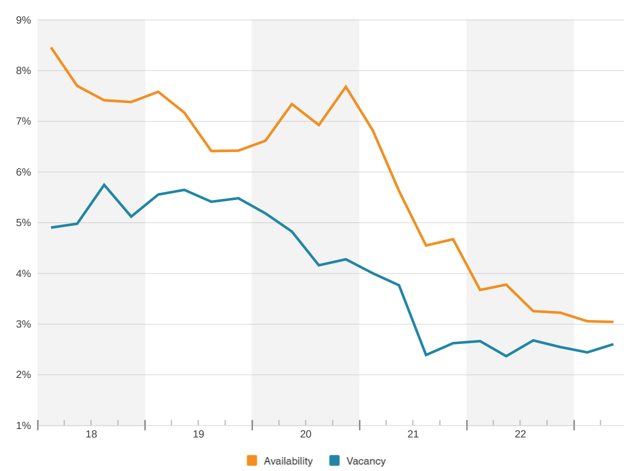


Figure 3.2 | Source: CoStar

Area	Net Absorption SF (Q4 2022)	Net Absorption SF (Q1 2023)	Avg. Net Asking Rate (Q4 2022)	Avg. Net Asking Rate (Q1 2023)	Avg. Net Market Rate (Q4 2022)	Avg Net Market Rate (Q1 2023)	Market Cap Rate (Q4 2022)	Market Cap Rate (Q1 2023)	Vacancy (Q4 2022)	Vacancy (Q1 2023)	Availability (Q4 2022)	Availability (Q1 2023)
Inglewood	13,213	687	$43.56	$43.56	$10.57	$10.70	6.48%	6.59%	14.10%	14.00%	15.40%	14.00%
Ramsay	-36,787	NA	$9.00	$9.00	$9.50	$9.64	6.72%	6.82%	2.90%	2.90%	3.10%	3.10%
Alyth/Bonnybrook	-6,761	-21,168	$12.39	$13.35	$11.37	$11.50	6.56%	6.67%	0.70%	1.30%	1.50%	2.00%
Highfield	-42,844	12,197	$9.74	$13.17	$10.30	$10.40	6.43%	6.53%	2.30%	1.60%	2.40%	2.40%
Burns Industrial	33,714	-1,576	$11.83	$12.14	$10.88	$11.03	6.58%	6.68%	5.80%	5.90%	6.60%	6.10%
Manchester	31,042	8,971	$11.57	$12.81	$11.20	$11.36	6.41%	6.51%	1.30%	1.20%	1.50%	1.80%
Fairview	-5,669	-1,077	$14.35	$14.82	$11.27	$11.43	6.47%	6.57%	2.30%	2.40%	3.10%	2.90%
East Fairview	47,354	7,200	$11.93	$10.00	$11.66	$11.82	6.60%	6.70%	1.00%	0.60%	4.90%	2.10%
Total	**33,262**	**5,234**	**$11.30**	**$12.62**	**$10.94**	**$11.08**	**6.50%**	**6.61%**	**2.50%**	**2.40%**	**3.20%**	**3.10%**

Figure 3.3 | Source: CoStar

South East Industrial Market

Over The last two quarters have seen a continued downward push on vacancy rates for the SE Industrial market from 2.4% to 1.9% (see figure 4.2). Despite the extremely low vacancy rate, there was an increase in availability from 3.4% to 4.6%, due in large part to the number of available spaces for sublease that are still occupied by tenants, until they can find a new home.

With low supply, rental rates continued to increase from $10.62 to $10.75 per square foot. The highest vacancy rates were seen in the Frontier area, which saw a significant jump from 2.4% to 7.3% over the past two quarters. The largest absorption was also seen in the Frontier area, where 356,817 square feet of industrial space was positively absorbed in Q1 of 2023.

Despite the Frontier area, space in the SE market remains scarce. Developers are seeing the need for more industrial space in the Calgary market, with a significant amount of construction currently underway, including a few notable projects that will bring a significant amount of square footage to the SE market.

The 68th Street Logistics Park will deliver 2.2 million square feet of new logistic space, thanks to Panattoni and Manulife. Buildings 1 and 2 are set to deliver 334,682 square feet and 422,349 square feet, respectively, by the end of 2023.

The Rise at Point Trotter — which is a project by Beedie — will bring over 200,000 square feet of new industrial space into the market. Building B will be completed first by the end of Q3 2023, and the 122,968 industrial condo building is already 54% presold. Building A is set to be complete in Q1 of 2024, and will bring forward 101,134 square feet of additional industrial bays for sale. The bays in both buildings will vary in square footage from 6,904 SF to 10,589 SF.

The Rise by Beedie is a great example of how — despite the rising interest rates — there are still several eager purchasers in Calgary. This trend is expected to continue, as available supply remains low. With all of the new projects coming to market, though, it will be interesting to see whether vacancy rates continue dropping and rental rates continue climbing.

South East Net Absorption, Net Deliveries & Vacancy

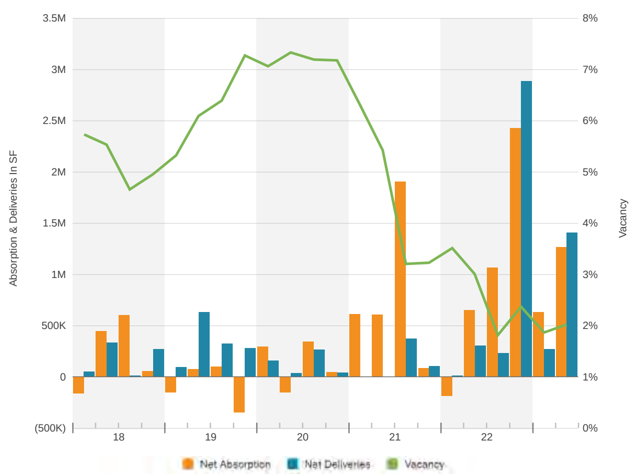


Figure 4.1 | Source: CoStar

Area	Net Absorption SF (Q4 2022)	Net Absorption SF (Q1 2023)	Avg. Net Asking Rate (Q4 2022)	Avg. Net Asking Rate (Q1 2023)	Avg. Net Market Rate (Q4 2022)	Avg Net Market Rate (Q1 2023)	Market Cap Rate (Q4 2022)	Market Cap Rate (Q1 2023)	Vacancy (Q4 2022)	Vacancy (Q1 2023)	Availability (Q4 2022)	Availability (Q1 2023)
Forest Lawn	7,413	NA	$11.80	$14.00	$10.23	$10.40	6.53%	6.63%	1.20%	1.20%	1.20%	1.20%
Eastfield	87,992	-4,139	$11.21	$13.00	$11.01	$11.16	6.76%	6.86%	0.20%	0.40%	1.10%	0.90%
Golden Triangle	7,206	-36,320	$12.13	$12.13	$12.36	$12.49	6.08%	6.17%	0.90%	3.80%	5.70%	6.30%
Valleyfield	-18,499	7,570	$9.62	$10.58	$9.91	$10.04	6.53%	6.63%	1.50%	1.10%	1.50%	2.10%
Foothills	-53,274	26,284	$8.98	$9.27	$9.99	$10.11	6.55%	6.65%	2.10%	2.00%	3.80%	4.00%
Starfield	10,746	22,846	$5.80	$5.80	$9.17	$9.28	6.41%	6.52%	1.10%	1.70%	10.70%	11.10%
Great Plains	-3,488	78,276	$12.15	$14.22	$10.13	$10.26	6.37%	6.47%	0.60%	0.90%	1.90%	3.60%
South Foothills	-406,835	12,034	$10.92	$10.73	$11.08	$11.20	6.39%	6.49%	11.80%	3.10%	3.00%	3.20%
Shepard	11,530	18,841	$12.30	$12.30	$12.20	$12.36	6.44%	6.54%	1.30%	0.30%	3.80%	3.00%
East Shepard	2,774,834	134,542	$12.26	$12.35	$10.68	$10.83	6.32%	6.42%	2.10%	1.30%	3.70%	6.10%
Shepard Industrial Park	21,584	-28,248	$15.04	$18.39	$12.30	$12.43	6.30%	6.40%	1.60%	3.10%	5.80%	5.10%
Wrangler	-17,754	44,303	$20.10	$20.10	$12.03	$12.17	6.36%	6.46%	1.50%	1.50%	2.10%	1.50%
Frontier	3,000	356,817	$19.75	$19.53	$12.36	$12.51	6.25%	6.35%	2.40%	7.30%	2.10%	6.50%

Figure 4.2 | Source: CoStar

North East Industrial Market

The industrial real estate market in Northeast Calgary, directly adjacent Balzac, continues to experience steady growth and activity, despite some challenges faced in the past years due to the pandemic, inflationary pressures on development, and low vacancy.

The vacancy rate for industrial/flex properties in the Northeast Calgary and Balzac area for Q1 2023 is currently at 3.8%, indicating a high demand for industrial space in the region (see figure 5.2). However, it's important to note that vacancy rates were slightly tighter in Q2 & Q3 of 2022, at 3.6% and 3.7% respectively, which can be attributed to the region's lack of significant new development, and a resurging Alberta economy.

The average cap rate for industrial property in Northeast Calgary and Balzac is currently averaging 6.45%, up significant from this time last year (6.17%). This increase is due to the high demand for industrial space and limited supply; Bank of Canada interest rate increases; and an overall increase in base rents, which has led to increased competition amongst buyers and investors. As of Q1 2023, there was around 1.4-million square feet of industrial commercial real estate under construction in Northeast Calgary and Balzac. This development activity demonstrates continued interest in the region, and suggests there will be additional supply available in Q3 and Q4 to meet the growing demand. Even with that added space, though, we expect supply to remain limited.

Overall, the NE industrial commercial real estate market remains strong, with low vacancy rates, stable cap rates, and increasing lease rates. Net absorption has been strong in the sector, especially in the Balzac region; and the construction of new developments indicates that demand remains steady and may even increase in the near future.

North East Net Absorption, Net Deliveries & Vacancy

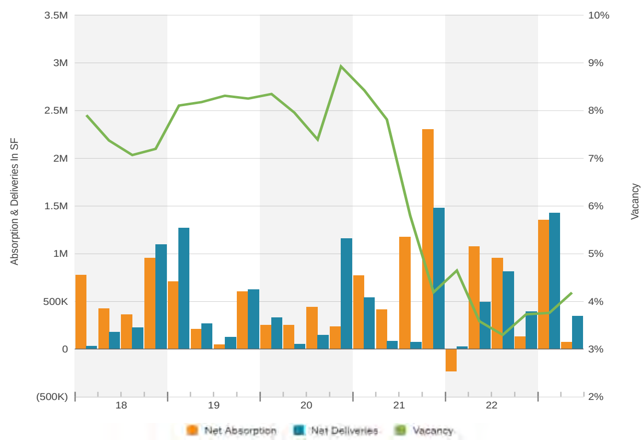


Figure 5.1 | Source: CoStar

Area	Net Absorption SF (Q4 2022)	Net Absorption SF (Q1 2023)	Avg. Net Asking Rate (Q4 2022)	Avg. Net Asking Rate (Q1 2023)	Avg. Net Market Rate (Q4 2022)	Avg Net Market Rate (Q1 2023)	Market Cap Rate (Q4 2022)	Market Cap Rate (Q1 2023)	Vacancy (Q4 2022)	Vacancy (Q1 2023)	Availability (Q4 2022)	Availability (Q1 2023)
Balzac	224,320	1,149,089	$13.15	$13.15	$11.43	$11.59	5.97%	6.07%	2.20%	3.40%	6.80%	9.60%
Stoney 1	NA	NA	NA	NA	$10.20	$10.36	6.48%	6.58%	1.30%	1.30%	1.30%	1.30%
Stonegate Landing	NA	92,170	$15.00	$15.00	$10.67	$10.83	6.23%	6.33%	7.40%	7.00%	0.20%	19.40%
Stoney 2	152,980	-94,117	$12.36	$13.00	$10.79	$10.95	6.48%	6.59%	2.20%	4.00%	4.70%	4.50%
Stoney 3	6,196	NA	$15.00	$15.00	$14.32	$14.51	6.35%	6.45%	0.00%	0.00%	NA	NA
Saddleridge Industrial	NA	NA	$20.00	$20.00	$10.49	$10.63	6.59%	6.69%	0.60%	0.60%	2.40%	9.90%
Deerfoot Business Centre	-15,433	-27,819	$10.57	$10.57	$9.89	$10.03	6.57%	6.68%	0.50%	1.50%	1.70%	1.70%
Skyline West	NA	-19,450	NA	NA	$11.01	$11.13	6.40%	6.50%	1.00%	3.20%	1.00%	0.70%
Skyline East	49,185	-209	$10.79	$10.48	$10.67	$10.83	6.49%	6.59%	8.40%	8.40%	9.80%	10.00%
Westwinds	-3,554	-3,084	$15.33	$14.36	$12.55	$12.73	6.54%	6.65%	0.20%	0.30%	0.70%	0.90%
Greenview Industrial Park	-14,712	10,924	$10.51	$15.35	$11.41	$11.55	6.25%	6.36%	1.00%	0.60%	2.30%	2.30%
McCall	30,821	-46,523	$9.36	$9.69	$10.54	$10.67	6.32%	6.42%	5.30%	6.70%	6.40%	4.00%
Pegasus	NA	4,599	$10.44	$10.06	$11.23	$11.36	6.19%	6.29%	3.30%	2.40%	3.30%	9.00%
North Airways	26,301	11,799	$6.44	$10.68	$10.98	$11.12	6.31%	6.41%	2.20%	1.70%	2.70%	2.00%
Horizon	-30,354	-17,247	$10.86	$10.69	$10.06	$10.20	6.51%	6.61%	3.90%	4.30%	5.10%	4.50%
South Airways	-1,454	89,236	$10.70	$10.92	$10.68	$10.83	6.50%	6.61%	7.00%	5.00%	7.80%	5.30%
Sunridge	3,582	-4,532	NA	NA	$10.73	$10.91	6.60%	6.70%	0.00%	0.30%	2.10%	1.80%
Mayland	-243,941	245,763	$11.00	NA	$9.99	$10.15	6.72%	6.82%	17.60%	6.40%	17.00%	0.10%
Meridian	-42,319	2,121	$11.27	$12.92	$11.23	$11.37	6.40%	6.50%	4.70%	4.60%	5.50%	4.60%

Figure 5.2 | Source: CoStar

RETAIL MARKET OVERVIEW

5.76% CAP RATE

3.90% VACANCY

$28.05 RENTAL RATE

Following the pandemic, the retail market has returned to its pre-COVID norm, despite national inflation. Calgary's retail market has posted a strong comeback with increased demand and consumer spending as Calgary's market continues to flourish.

Calgary's continuous interprovincial and international migration has set record numbers in a 12-month timeframe, accompanied by increased demand for retail services and businesses. This is clearly highlighted through a vacancy rate that sits just under 4% (see figure 6.2).

Retail Net Absorption, Net Deliveries & Vacancy

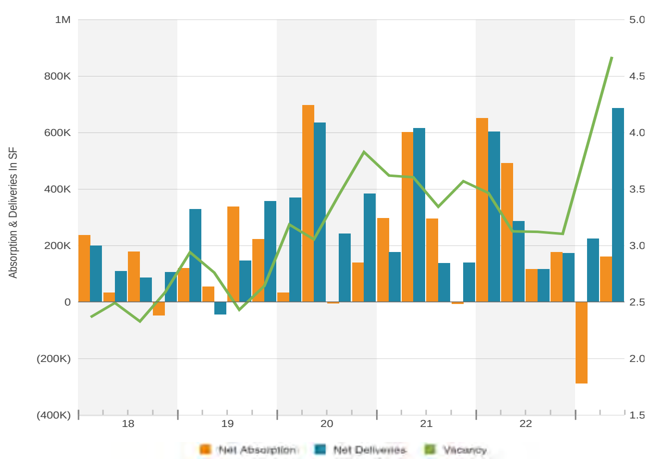


Figure 6.1 | Source: CoStar

Despite Bed Bath and Beyond closing, and Nordstrom's withdrawal from Canada, the demand for big box spaces is still strong, such that big box retailers are coming up with new concepts to backfill those spaces. We predict that the next quarter should remain solid, with more retailers taking on this added square footage that has returned to the market. This is evidence through numerous recent deals, including market uptake of more than 40,000 square feet by Homes Alive Pets, close to Chinook Mall. With the continuous influx of migrants starting new beginnings in Calgary, along with a booming Albertan economy, it's reasonable to project a promising future for Calgary's retail market.

Area	Net Absorption SF (Q4 2022)	Net Absorption SF (Q1 2023)	Avg. Net Asking Rate (Q4 2022)	Avg. Net Asking Rate (Q1 2023)	Avg. Net Market Rate (Q4 2022)	Avg Net Market Rate (Q1 2023)	Market Cap Rate (Q4 2022)	Market Cap Rate (Q1 2023)	Vacancy (Q4 2022)	Vacancy (Q1 2023)	Availability (Q4 2022)	Availability (Q1 2023)
North West	49,380	40,472	$28.92	$31.18	$32.23	$32.05	5.66%	5.71%	3.30%	4.30%	5.30%	6.60%
North East	105,764	-32,550	$26.16	$28.31	$26.34	$26.22	5.77%	5.82%	2.11%	2.41%	2.97%	4.14%
South West	-40,902	-327,855	$30.68	$30.87	$28.16	$28.01	5.71%	5.76%	3.20%	4.80%	4.00%	5.70%
South East	33,923	-23,533	$34.86	$32.75	$25.93	$25.71	5.57%	5.62%	3.05%	3.57%	3.48%	3.84%
Downtown/ Beltline	27,777	54,958	$23.86	$24.09	$27.38	$27.22	5.80%	5.86%	5.00%	4.00%	5.80%	5.90%
Total	**175,942**	**-288,508**	**$29.38**	**$29.87**	**$28.21**	**$28.05**	**5.71%**	**5.76%**	**3.10%**	**3.90%**	**4.12%**	**5.31%**

Figure 6.2 | Source: CoStar

DOWNTOWN OFFICE MARKET OVERVIEW

11.70%
CAP RATE

30.10%
VACANCY

$12.23
RENTAL RATE
(A Class)

Activity in Calgary's Downtown office market has experienced a period flux throughout Q1 of 2023, resulting in overall stability. As oil and gas E&P's continue to strengthen from relatively high oil prices, the tech sector has experienced a continued softening. Although the Downtown core continued to attract users from the suburbs, the core area experienced a mild negative net absorption of 171,200 square feet., with total vacancy remaining high at 30.1%.

Overall rates for all Head lease classes are showing signs of firming, due mainly to the gradual expiry of many of the subleases that have been weighing on the market over the last few years. The sublease market now accounts for less than 2.8 million square feet. Rate stability comes from the fact that landlords are not willing to redevelop space at the rates some tenants are looking for, creating a floor net effective rates at which landlords are not willing to drop below. This redevelopment and modernization hesitancy is likely going to continue, due to the high cost of development.

Progress on the City of Calgary's efforts to convert office space to residential remains steady but slow. Calgary is trying to remove six-million square feet of office space from a total of 42.8 million, with just under one- third of that at some stage of commitment or completion. Though we continue to monitor progress, there are doubts that this program will prove as effective as intended, in light of the sharp rise of construction costs.

Notable Downtown Office Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
AESO	90,000	240Fourth	Headlease
Schlumberger Canada Ltd	75,884	444 5th	Headlease
McLennan Ross LLP	55,835	Eau Claire Tower	Sublease
Hatch Ltd	53,000	Western Canadian Place - North Tower	Sublease

Figure 7.1 | Source: CoStar

SUBURBAN OFFICE MARKET OVERVIEW

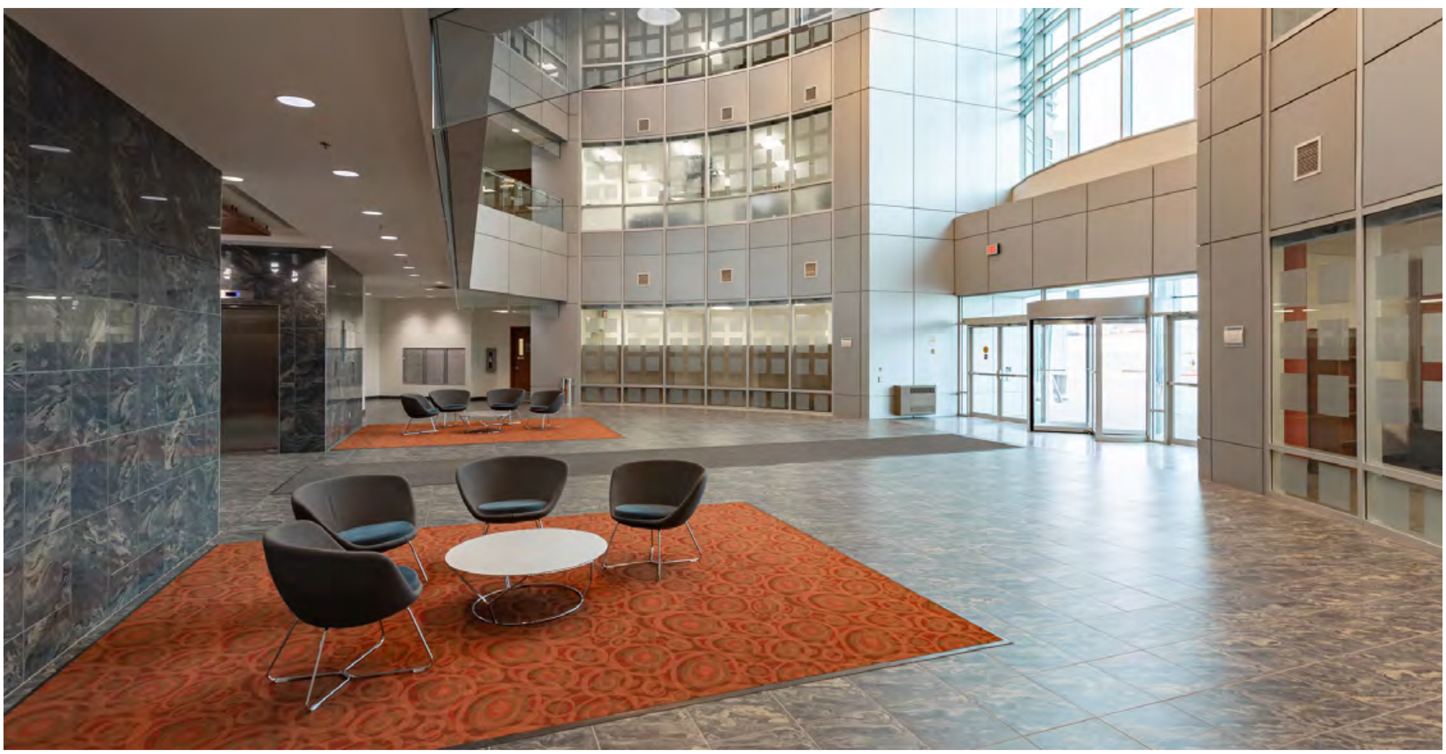
10.30% CAP RATE

25.20% VACANCY

$15.60 RENTAL RATE (Suburban)

The Beltline Market has had an increase in office vacancy in 2023. Despite a number of transactions completed in 'A'-quality Beltline buildings last year, the Beltline has been reasonably stagnant to date in 2023. There's no single reason for the trend, with work-from-home work setups, and competing vacancies in the both the Downtown and Suburban markets, contributing to projected activity levels remaining relatively flat for 2023.

The Suburban Market has seen several large blocks of space come onto the market recently — a number of which are the result of tenants downsizing. A portion of vacancy will not be absorbed or backfilled elsewhere in the Suburban market by these tenants. This has increased the overall Suburban vacancy rate from 22.7% to 25.2%. Currently, the Beltline and Suburban markets are experiencing the majority of leasing activity from tenants under 10,000 square feet, who are looking for sublease or headlease space that do not require capital improvements and are move-in ready. Smaller subleases are in demand but are not as plentiful, so landlords are demising, fitting out space, and providing tenants with incentives to lease space that is competing with the sublet market. The city's movement to convert selected vacant buildings downtown to residential space should eventually assist the leasing of both the Beltline and Suburban markets, as the Downtown Market begins to tighten. However, this will take some time. Net rental rates in the Suburban Market still outpace both the Downtown and Beltline Markets.



Notable Suburban Office Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
Worley	98,000	Quarry Park Parkside - Building B	Headlease
Wood	78,450	Third Avenue Building	Headlease
Aveva	34,000	Quarry Crossing - Building B	Headlease

Figure 8.1 | Source: CoStar

MULTI-FAMILY MARKET OVERVIEW

Alberta continues to experience an influx of net growth into all avenues of the multi-family market, from re-sale to new developments. Statistics Canada reports that Alberta saw a net growth of just under 30,000 international migrants and 11,500 interprovincial migrants in Q4 of 2022. In total, Alberta's population grew by just over 160,000 people last year. This has kept vacancy rates low and per-square-foot rental rates high.

Coupled with migration, the Bank of Canada stated in April 2023 that key interest rates will be maintained at 4.5% for the rest of the year, keeping the Calgary multi-family market on an upward trajectory. Bond yields took a significant dip in March 2023 but have since stabilized, reinforcing economic forecasts for a potential drop in interest rates in 2024.

Zonda Urban reports the second-highest quarterly sales total on record for the first quarter of 2023, with 1,319 deals finalized across wood frame condominiums, townhomes, and concrete condominiums. The majority of these sales were from wood frame low-rise condominiums, accounting for just over half of that number (See Figure 9.1).

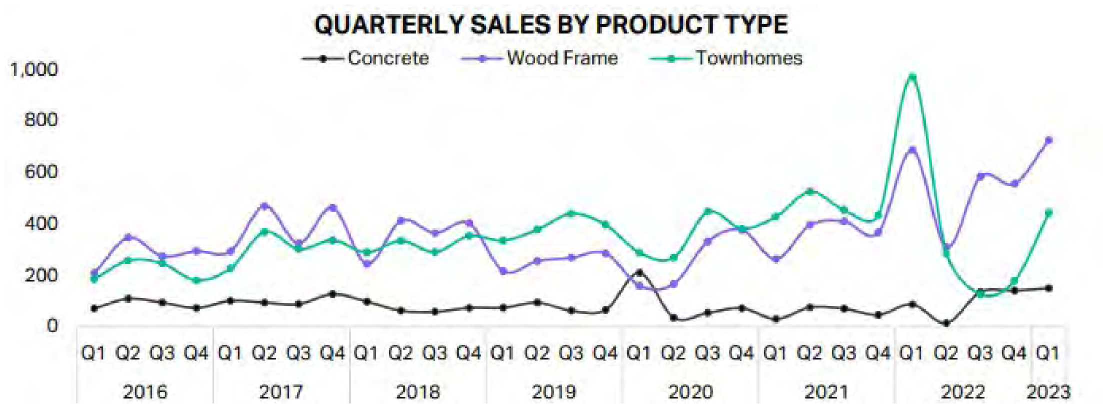


Figure 9.1 | Source: Zonda Urban

The purpose-built rental market in Calgary remains strong, with Zonda Urban reporting that newer purpose-built rentals (2010+) overall vacancy was at 4.8% including projects that are still actively leasing.

CMHC reported that vacancy rates hovered around 2.7% in the inner city at the beginning of 2023 (down from 5.1%) — a vacancy rate not seen in nearly a decade, due to the lack of supply. The average two-bedroom unit rental rate was up 6% from last year, at $1,466/month.

Purpose-built supply keeps coming onto the market to keep up with demand. Developers remain optimistic, with a net growth of 3,562 units having come onto the market in 2022. With the end of the pandemic, the downtown/beltline rental market has seen an increase in demand, with 1,500 units of the 3,562 being in those zones.

With rising rental rates and low vacancy rates across the city, affordability has become cause for concern. CMHC reports that only around 5% of purpose-built rental condominiums are considered affordable for households earning less than $36,000 per year. The majority of these units are bachelor or 1-bedroom dwellings, which are unsuitable for families.

An additional 76% of the purpose built market is considered affordable for households earning less than $64,000 per year. However, this segment also has the lowest vacancy rate, at just 1.5%. This implies strong demand for affordable units in Calgary, which could result in price increases for available units, and an even lower vacancy rate than that which is currently seen.

UNIT TYPE	ACTIVE CONCRETE	ACTIVE WOOD FRAME	STABILIZED CONCRETE	STABILIZED WOOD FRAME
Studio	$1,393	$1,274	$1,780	$1,650
1 Bed	$1,907	$1,638	$2,050	$1,583
1 Bed + Den	-	$1,710	$1,796	$1.609
2 Bed	$2,579	$1,927	$2,482	$2,152
2 Bed + Den	-	$1,572	-	$2,562
3 Bed	-	$1,807	$3,487	$1,948

Figure 9.2 | Source: Zonda Urban

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About Us

NAI Advent is a full service commercial real estate firm located in Calgary Alberta Canada

We are locally owned and operated yet we have the advantage of being part of one of the largest commercial real estate networks in the world: NAI Global. NAI Global offices are leaders in their local markets and work in unison to provide clients with exceptional solutions to their commercial real estate needs. NAI Global has more than 400 offices strategically located throughout North America, Latin America, Europe, Africa and Asia Pacific, with over 7,000 local market professionals, managing in excess of 425 million square feet of property. Annually, NAI Global completes in excess of $20 billion in commercial real estate transactions throughout the world.

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NAI Advent is a progressive full service commercial real estate brokerage serving our five-county area, providing our brokers and their clients with a quality and quantity of services unmatched by our competitors. With our broad based list of specialists in house, we offer a unique project driven approach to real estate which encourages a more strategic and long term strategy than just simply buying, selling, or leasing a property. By doing so, we are able to offer more value-add to most types of commercial real estate.

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Our Sales Team

NAI Advent offers peace of mind that comes from knowing your real estate needs are in capable hands. We take a unique project-driven approach to commercial and industrial real estate which encourages a more strategic and comprehensive focus than just buying, selling or leasing. Our knowledgeable professionals offer extensive experience in their disciplines and a proven track record of successful commercial real estate projects.

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Property & Asset Management

NAI Advent actively manages properties for both investors and owner occupiers to help enhance investment returns. Our wide range of property management capabilities extends to all types of properties, from office, to industrial, to retail facilities. In all instances, our day to day focus ensures properties are managed with quality care and attention to detail and in lock-step with our leasing team to ensure value is maximized whenever possible.

Our services include:

- Financial Management
    - Full accounts receivable and account payable accounting
    - Comprehensive monthly Property Management reports
    - Banking; Monthly financial statements and analysis
    - Annual Budgeting; Financial reporting
    - Annual Operations cost reconciliations
- Property Management Services
- Renewals and Leasing Service
- Owner/Client Liaison

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NAI Advent
Featured Listings

5805 17 AVENUE SE

Max height: 16 meters. Floor Area Ratio: 1.33 (133,628 Sq.Ft). Traffic count:28,000 cars per day. 15 min from Downtown and YYC International Airport 1km west of Stoney Trail and East Hills Shopping Centre. Contact Brian West or Connor West for more details.

320 5 AVENUE SE

An exceptional opportunity to develop a full-block site steps from the vibrant East Village neighbourhood. The property has been rezoned allowing for a high-density mixed-use project up to 20 FAR with density bonusing, Flexible CR20-C20/R20 zoning allows for rental,condo, hotel and a wide variety of commercial uses Contact Harvey Russell for more details.

5646 BURBANK CRES SE

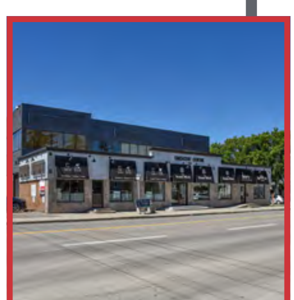
Freestanding building on .73 acres fully fenced and secured yard. Yard is fully paved, with concrete pads and excellent drainage. Extensive additional sea can storage in the yard. 5 Drive-in doors. Nicely appointed office space. Excellent exposure to Blackfoot Trail.
Contact Jamie Coulter, Brody Butchart or Kaile Landry for more details..

2020 100 AVENUE NE

Services at property line. Zoned Industrial General (I-G). Excellent access to Deerfoot Trail. Located 1 block north of Airport Trail NE at 19th Street NE. Surrounded by new development including Oxford Airport Industrial Park, Loblaws distribution, Sleeman`s Brewery, Brandt Machinery and Hotels.
Contact Aaron Gunn or Jim Balfour for more details.

#140 1209 59 AVENUE SE

Main floor suburban office located in Riverview Business Park. 6 enclosed offices, 1 kitchen,1 boardroom, and bullpen space. Excellent location with lots of amenities available in close proximity.
Contact Larry Gurtler for more details



1409 EDMONTON TRAIL NW

Excellent strategic location right on Edmonton Trail NE with direct exposure to 22,000 vehicles per day. Close to downtown and the residential communities of Crescent Heights and Renfrew, offering many strategic business advantages to any potential occupiers.
Contact Joshua Gill for more details.

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Sources

- Costar
- Zonda Urban
- Government of Alberta
- ATB Economics
- TD Economics
- Deloitte
- RBC Economics

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