

# Fall 2023

## Calgary Market Report



*Visit our website at [naiadvent.com](http://naiadvent.com)*

# Table of Contents

## Report Contributors

Macro-Economic Overview	03
Commercial RE Market	
INDUSTRIAL	04
RETAIL	08
DOWNTOWN OFFICE	09
SUBURBAN OFFICE	10
MULTI-FAMILY	11
Our Brokerage	
ABOUT US	12
OUR SALES TEAM	13
PROPERTY MANAGEMENT	14
FEATURED LISTINGS	15
References	
SOURCES	16

**Garry Bobke, SIOR, CCIM**  
President | Senior Partner

**Harvey Russell**  
Senior VP | Principal

**Tom Gorman**  
Broker | Managing Partner

**Jamie Coulter, SIOR**  
Vice President | Partner

**Larry Gurtler, SIOR, CCIM**  
Vice President | Partner

**Connor West**  
Associate

**Brian West**  
Senior Associate, Advisor

**Blair Best**  
Associate, Capital Markets

**Rick Wong**  
Associate

**Kaile Landry**  
Associate

**Aaron Gunn**  
Senior Associate

**Tyler Guluche**  
Associate

**Nowel Bobke**  
Marketing Assistant

### DOWNTOWN OFFICE TRENDS

Vacancy Rate  **29.5%**

Asking Rental Rates (PSF)  **\$12.28**

### BELTLINE OFFICE TRENDS

Vacancy Rate  **25.5%**

Asking Rental Rates (PSF)  **\$26.27**


### SUBURBAN OFFICE TRENDS


Vacancy Rate  **21.3%**

Asking Rental Rates (PSF)  **\$29.68**

### INDUSTRIAL TRENDS

SQ FT Net Absorption (Q3) **908,773**

Vacancy Rate  **2.4%**


Asking Rental Rates (PSF)  **\$11.60**


SQ FT Delivered to Market (YTD) **4,357,717**

SQ FT Under Construction **8,209,645**

### RETAIL TRENDS

SQ FT Net Absorption (Q3) **251,532**

Vacancy Rate  **2.70%**

Asking Rental Rates (PSF)  **\$28.97**

SQ FT Delivered to Market (YTD) **532,893**

SQ FT Under Construction **1,361,521**



# Alberta Macro-Economic Overview

Amidst continued geopolitical tensions and economic uncertainty, Alberta has proven, once again, to be crucial to the well-being of the Canadian economy. Aiding the country through a period of turmoil and the looming fear of national recession by way of sound economic and investment activity.

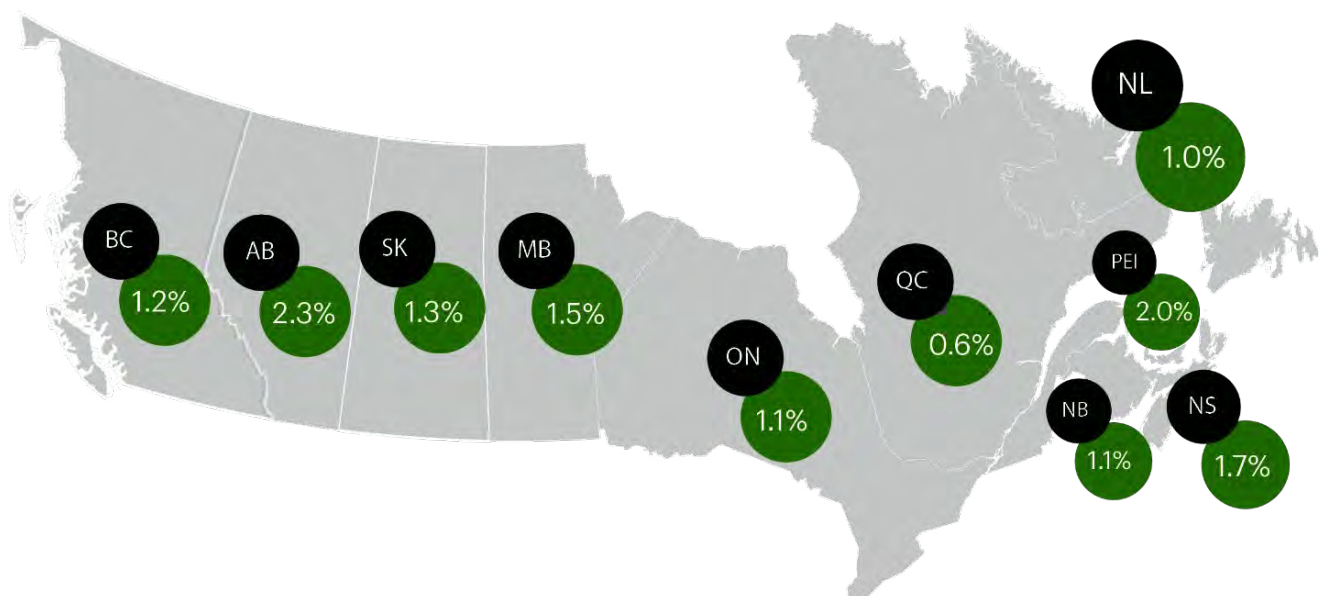
Originally projected to occur earlier in the fiscal year, Alberta has remained economically resilient finishing the fiscal year on a high note. Another phenomenal year for Alberta's oil and gas industry has not only allowed for increased investment in the province's economy, but has also provided Alberta with a balanced budget to alleviate additional economic pressure going forward. The government of Alberta is reporting revenue of \$17.7 billion from the oil and gas sector so far this year – second only to last year's stunning record of \$25.2 billion.

Compared to economic conditions seen across the country, Alberta is in a remarkable position, recording the highest provincial GDP growth in Canada, up 2.3% according to the Government of Alberta. Earlier in the fiscal year, the provincial government released its "Alberta is Calling" marketing campaign, looking to attract skilled workers from across the nation, and highlighting Alberta's comparatively low housing prices and cost of living.

It's worth noting that Alberta recorded the second-highest net migration since the first quarter (+52,000), according to TD Economics, though unemployment simultaneously increased due to the labour demand peaking in the province. With the steady influx of international immigrants into Alberta, as well as the migration of Canadians from other parts of the country migrating to Alberta for work opportunities, the province is now experiencing a housing crisis – similar to that which is being experienced across the country, as the housing supply continues to diminish.

Taking all factors into consideration, Alberta's large metropolitan centers are still far more affordable than Canada's larger urban cities, such as Vancouver and Toronto. This unprecedented continuation of population growth has continued to provide significant investment opportunities for investors both in province and out of province, as they try to meet the growing demand of Albertan consumers.

## Provincial Real GDP Growth Forecast (2023)



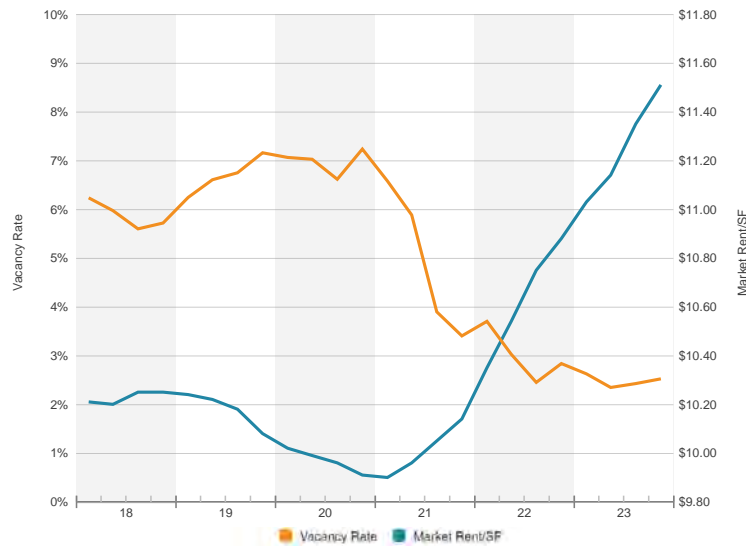
Source: TD Economics. Forecast as of September 2023.

## INDUSTRIAL MARKET OVERVIEW

Industrial real estate in Calgary and area continues to thrive, with strong absorption numbers buoyed by a high levels of migration to Calgary from other Canadian markets. Quarter 3 of 2023 showed absorption numbers sitting at approximately 900,000 square feet, with overall vacancy hovering around 2.4%.

The demand for Industrial real estate remains strong for several reasons, and developers are trying to meet that demand with another 8.2-million square feet of product still under construction. Pre-leasing figures remain healthy, as well, with nearly 3.2-million square feet of that space (39%) already pre-leased. This level of new space being spoken for already is a good indication that more capacity will need to be developed in the near future. Still, there is still around five-million square feet still to be absorbed, which will likely result in a slight rise of vacancy rates slightly into Next Year.

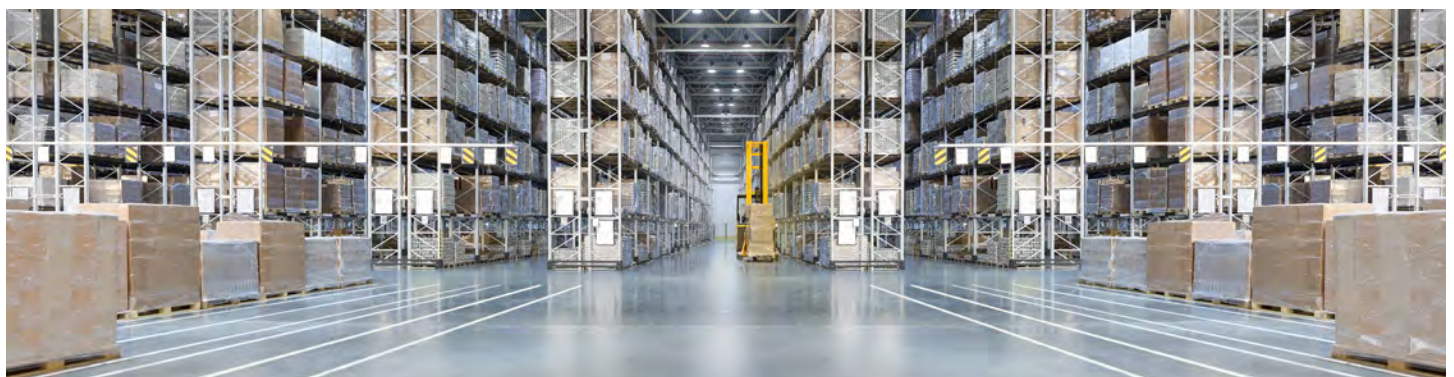
### Vacancy & Market Rent Per SF



Source: CoStar

Calgary remains a very attractive option for industry leaders from across the country for several reasons. First, these organizations are realizing the savings on favorable rental rates in Alberta, particularly when compared to traditionally hot industrial markets across the country, including Vancouver and Toronto. Average net rental rates in Calgary currently sit at \$11.60 per square foot – which is up approximately 16%, or \$1.60 per square foot, from last year at this time. Despite these rates increases, the region’s rental rate are still lower than the national average of \$16.36 per square foot, and significantly lower than Vancouver, where the average net rental rate currently sits at \$20.44 per square foot. The high cost of doing business, combined with a low vacancy rate of just 0.2% in the Vancouver area, many companies are being forced out of the market and towards Alberta.

Second, Calgary has a significant geographical advantage. Commercial trucking regulations limit drivers to 13 hours of drive time within a 24-hour period. With Calgary as their distribution hub, companies are able to reach the majority of Western Canadian hubs – including Calgary, Edmonton, Vancouver, and Winnipeg – within these drive-time mandates. Although construction activity is strong in the market, the vast majority of industrial projects currently being built comprise of large bay distribution and logistics product. There is very little, if any, new construction on small bay product, resulting in record-low vacancy rates for these products. In speaking with several developers, current economic metrics have created uncertainty around the potential of adding new small bay inventory to the market at this time. Construction costs are notably prohibitive, and the current small bay rental rates can’t support the cost of bringing these spaces to the Calgary area.



## Industrial Land Overview

With Calgary moving through its vacancy, now at 2.4%, industrial holds the lowest subcategory within Calgary's markets. Additional focus has been placed on raw lands to meet the pace of business and demand in the region. When evaluating lands, we have numerous criteria, but we typically deal with two sides of the equation: Holding Lands and Developable Lands.

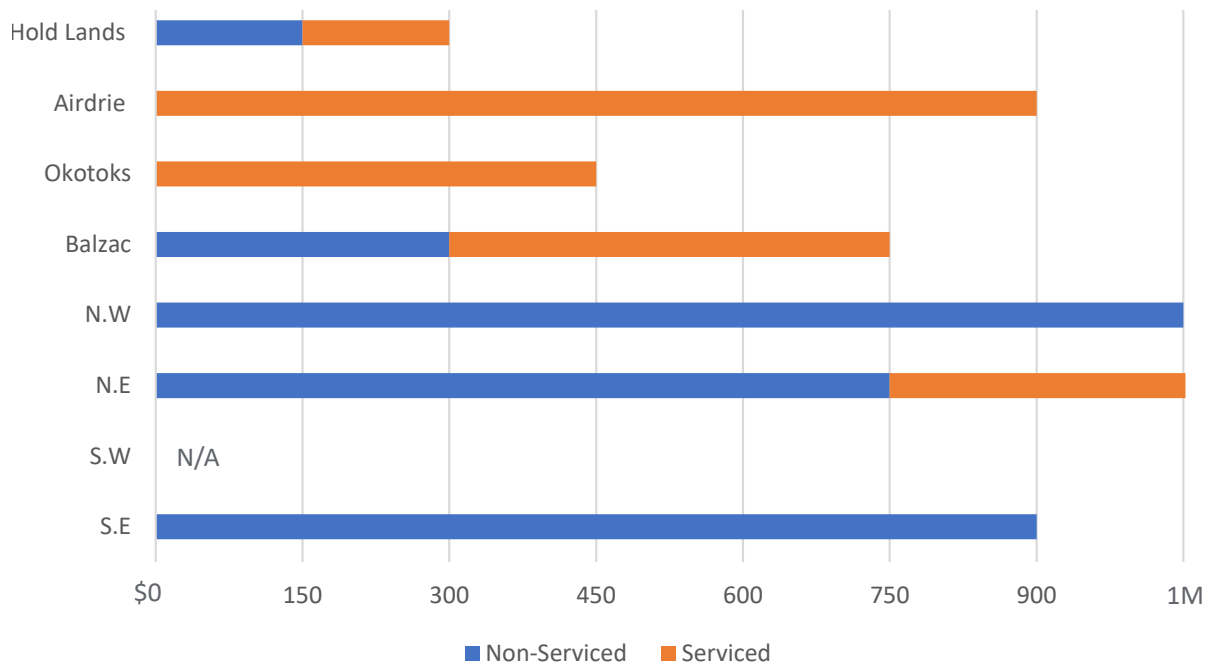
“Holding Lands” is an industry term meaning the lands are marked for future development. This includes AG lands, agricultural lands, for example. With the bulk of civil infrastructure such as roads, site services (ie. sewer, water, gas, Internet, etc.), and zoning lacking. These areas are in line for development or future use.

“Developable Lands,” on the other hand, are lands that are ready for development, meaning that civil infrastructure has been approved or already in place, subdivisions have been approved. All major services are in place and are typically at the edge of the property line. At this stage, zoning will have already been granted, to accommodate a larger range of industrial users.

Its good to note that some lands can carry considerations such as levies, or off-site cots , which include a municipality placing a cost onto lands to recoup spending they may have incurred when developing industrial lands. These costs, for instance, would include sidewalks, streetlights, emergency services, road widening, overpass construction, zoning, subdivision and service provision to name a few. The off-site levy rate has been increasing year-over-year, as municipalities grapple with increased costs to service, maintain, and build out industrial parks. Levies are calculated on a per-acre basis, and typically account for anywhere from 15% to 50% of the total land purchase price.

Similarly, Developable Lands have storm water management requirements – a newer term being seeing in smaller communities outside the core Calgary area, such as in Balzac or Rocky View County, etc. In the past, the amount of rainwater that came off a property was absorbed by neighbouring land units or drained in a communal body of water; however, with the expansion and density of areas such as Balzac, draining offsite (McDonald Lake) is no longer permitted. As such, developers have been asked to build their own water retention ponds. The amount of land these ponds covers is calculated through a combination of depth and location. We are seeing deep ponds accounting for as little as 18% site coverage while larger, shallower ponds are accounting for much as 30% site coverage. This means that if a developer were to purchase a 10-acre site and choose a shallow pond, the usable land area would be reduced to seven acres right off the bat. It is highly recommended that anyone facing these sorts of hurdles works with a professional who understands the related procedures, and who can navigate the system.

## Average Industrial Land Prices



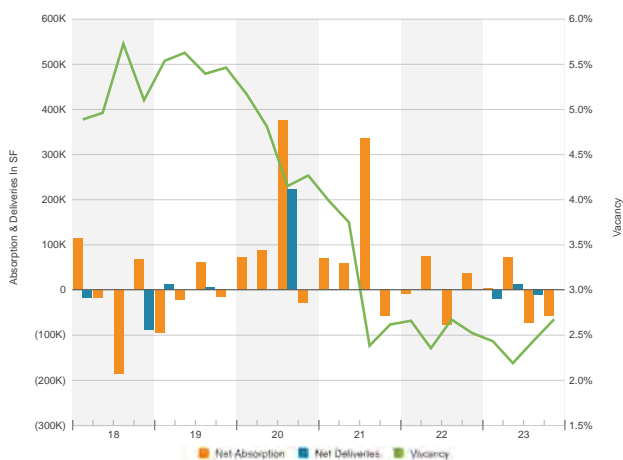
## South Central Industrial Market

In the South Central Industrial Market of Calgary, vacancy rates rose slightly in Quarter 3 of 2023, from 2.2% to 2.4%, quarter-over-quarter. This shift is indicative of a modest softening in the market, but it is important to note that the overall industrial sector in Calgary has remained relatively stable. Instead, what stands out in this quarter's report is the substantial net negative absorption, primarily driven by the Ramsay/Bonnybrook area. There is an influx of over 100,000 square feet being offered for lease in a phased development strategy near Blackfoot Trail, which has contributed to a decrease in net absorption.



Amidst the low vacancy and availability for immediate possession, the city is experiencing continued hikes in rental rates to cover increasing property taxes, higher fees for management and maintenance contracts, and mortgage renewals and interest rate hikes. Keeping low inventory levels in mind, rents can only rise so far before the bubble bursts, potentially subduing demand until spaces become more affordable. Speaking of interest rate hikes for commercial lending, Q3 saw a further increase in Cap Rates from 6.5% at the end of 2022 to 7.09% heading into Q4 2023. This shift offers an attractive opportunity for investment in the South Central Industrial Market, making it more advantageous for cash buyers looking to purchase assets than in previous years.

### South Central Market Rent & Asking Rent PSF



Source: CoStar

There are a number of factors playing into the increased vacancy rates and net negative absorption in the South Central Industrial Market. Economic pressures and changing workplace dynamics – such as remote or hybrid employment structures – have influenced businesses in the area to reassess their space requirements, leading to lateral and peripheral movement if location is no longer a major factor in their business.

Another piece of this puzzle is the Green Line LRT project, which began its development phase in May 2023. It is projected that in 2024, the City of Calgary will begin main construction, which may heavily impact surrounding businesses. On the flip side, it could affect future value considerations for buyers and investors alike. It will be essential to monitor these trends to determine if these are temporary anomalies, or if they are part of a more significant shift in the South Central Industrial Market of Calgary and the Greater Calgary Area as a whole. As the market adapts to changing

conditions, stakeholders will need to carefully navigate these fluctuations and adjust their strategies accordingly to ensure the continued growth and stability of their businesses within the region.

Area	Net Absorption SF (Q2 2023)	Net Absorption SF (Q3 2023)	Avg. Net Asking Rate (Q2 2023)	Avg. Net Asking Rate (Q3 2023)	Avg. Net Market Rate (Q2 2023)	Avg. Net Market Rate (Q3 2023)	Market Cap Rate (Q2 2023)	Market Cap Rate (Q3 2023)	Vacancy (Q2 2023)	Vacancy (Q3 2023)	Availability (Q2 2023)	Availability (Q3 2023)
Inglewood	4,532	-4,563	NA	NA	\$10.61	\$10.85	7.02%	7.08%	13.20%	13.90%	13.20%	13.90%
Ramsay	NA	-101,115	\$9.00	\$10.59	\$9.86	\$10.00	7.19%	7.27%	2.90%	10.70%	3.80%	12.70%
Alyth/Bonnybrook	9,250	7,999	\$13.37	\$14.00	\$11.30	\$11.53	7.12%	7.20%	1.10%	0.90%	2.00%	1.70%
Highfield	2,834	3,964	\$13.44	\$13.72	\$10.62	\$10.86	6.96%	7.03%	1.60%	1.20%	5.10%	1.90%
Burns Industrial	17,039	6,739	\$12.57	\$13.22	\$11.37	\$11.54	7.06%	7.13%	5.30%	5.10%	5.70%	4.80%
Manchester	42,190	8,063	\$11.55	\$11.57	\$11.50	\$11.73	6.92%	6.99%	0.80%	0.70%	1.20%	1.20%
Fairview	6,946	12,267	\$15.70	\$16.45	\$11.72	\$11.98	6.98%	7.05%	1.80%	0.80%	3.70%	2.50%
East Fairview	-10,476	-6,303	NA	NA	\$11.89	\$12.10	7.10%	7.18%	1.20%	1.50%	2.60%	2.80%
<b>Total</b>	<b>72,315</b>	<b>-72,949</b>	<b>\$12.68</b>	<b>\$13.10</b>	<b>\$11.22</b>	<b>\$11.44</b>	<b>7.02%</b>	<b>7.09%</b>	<b>2.20%</b>	<b>2.40%</b>	<b>3.40%</b>	<b>3.10%</b>

Source: CoStar



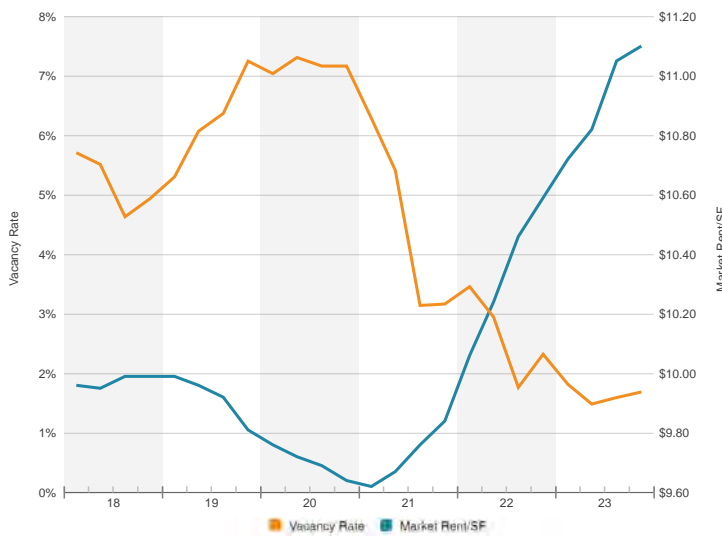
## South East Industrial Market

The trend of low vacancy rates continues in the SE industrial market. Although we have seen a small increase from Q2 to Q3, the market is still well below the average vacancy rate, at just 1.6%. However, availability has stayed linear over the last two quarters, at 4.2%, as sublease transactions are difficult to complete until tenants can find new space.

With vacancy rates remaining low and interest rates steadily increasing, Owners and landlords are shifting their focus to maximizing profits. Rental rates continue to climb from \$10.82 to \$11.05 per square foot, where CAP Rates are at 6.98% – up almost a half percentage point from Spring 2023.



### South East Net Absorption, Net Deliveries & Vacancy



Source: CoStar

Except for continued high vacancy rates in Frontier at 6.8%, we are still seeing strong activity and low product availability across other markets within the SE. East Shepard, which had over 1,000,000 in net absorption in Q2, is at 0.9% vacancy in Q3, further proving the need for more industrial product in the SE Calgary Market.

Developers like Beedie (Rise at Point Trotter; condo-Sale), Panattoni (68th Street Logistics Park; large distribution-Lease), and Enright (Canal 108, small to mid distribution- Lease) are giving some relief to the scarcity of product in the SE industrial market. Although the new product is welcoming, it might not be enough to meet the demand from companies across Canada who are continuing to invest into the SE industrial market. This will continue to drive Calgary’s strong dynamic growth for the remainder of 2023 and into early 2024.

Area	Net Absorption SF (Q2 2023)	Net Absorption SF (Q3 2023)	Avg. Net Asking Rate (Q2 2023)	Avg. Net Asking Rate (Q3 2023)	Avg. Net Market Rate (Q2 2023)	Avg. Net Market Rate (Q3 2023)	Market Cap Rate (Q2 2023)	Market Cap Rate (Q3 2023)	Vacancy (Q2 2023)	Vacancy (Q3 2023)	Availability (Q2 2023)	Availability (Q3 2023)
Forest Lawn	-8,825	381	\$14.00	\$14.00	\$10.49	\$10.67	7.04%	7.11%	1.80%	1.70%	1.80%	1.60%
Eastfield	6,130	NA	\$13.00	\$13.00	\$11.22	\$11.44	7.21%	7.29%	0.10%	0.10%	0.90%	0.70%
Golden Triangle	39,872	-5,070	\$10.98	\$10.62	\$12.90	\$13.35	6.58%	6.63%	0.60%	1.00%	0.90%	1.00%
Valleyfield	NA	-35,332	\$10.50	\$10.50	\$10.26	\$10.49	7.04%	7.12%	1.10%	3.10%	4.10%	2.00%
Foothills	71,584	-35,434	\$9.74	\$9.90	\$10.14	\$10.35	7.03%	7.10%	1.60%	1.80%	3.70%	3.90%
Starfield	-6,889	46,980	\$5.63	\$5.76	\$9.40	\$9.60	6.99%	7.06%	1.50%	0.00%	8.70%	7.50%
Great Plains	5,083	29,441	\$15.02	\$15.55	\$10.32	\$10.52	6.77%	6.85%	0.80%	0.80%	3.60%	3.90%
South Foothills	81,406	210,323	\$11.54	\$11.80	\$11.13	\$11.38	6.78%	6.85%	1.00%	1.70%	2.40%	2.50%
Shepard	-22,578	-21,759	\$13.58	\$14.99	\$12.48	\$12.73	6.93%	7.00%	1.50%	2.70%	2.70%	2.90%
East Shepard	1,057,724	195,588	\$12.35	\$12.29	\$10.91	\$11.14	6.88%	6.96%	0.90%	0.90%	5.80%	5.90%
Shepard Industrial Park	-9,095	-5,334	\$18.03	\$18.46	\$12.78	\$13.14	6.86%	6.92%	3.50%	3.80%	5.70%	5.90%
Wrangler	14,000	17,899	\$20.10	\$18.87	\$12.16	\$12.42	6.92%	6.99%	1.60%	1.40%	1.50%	2.10%
Frontier	18,038	1,778	\$15.84	\$15.76	\$12.49	\$12.77	6.68%	6.75%	6.80%	6.80%	5.40%	6.00%
<b>Total</b>	<b>1,246,450</b>	<b>399,461</b>	<b>\$10.99</b>	<b>\$11.08</b>	<b>\$10.82</b>	<b>\$11.05</b>	<b>6.91%</b>	<b>6.98%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>4.20%</b>	<b>4.20%</b>

Source: CoStar

## North East Industrial Market

Industrial Real Estate opportunities in Northeast Calgary, and in adjacent Rocky View County, continue to favour sellers and landlords. Leasable space remains at a particular premium, with rates increasing steadily alongside high demand for desirable space in all industrial sectors of Calgary and in surrounding areas, while available properties for sale remain at all-time lows.

We are seeing new development projects coming online at a steady pace, now that interest rates seem to have leveled out and pricing is becoming more predictable. However, demand still outstrips supply, and we anticipate this will likely continue into Q4 2023 and Q1 of 2024.

Here is a summary of the key metrics for Q2-Q3 2023 in the region:



**Vacancy Rate:** The vacancy rate for industrial/flex properties in the Northeast Calgary and Rocky View County area for Q2 & Q3 2023 is currently coming in at 3.4%. Although this seems low, the true rate may be even lower due to latent and incomplete reporting.

**Leasing Rates:** Price per square foot of basic rents in the NE has increased from \$11.49 (Q1) to \$11.79 (Q3), representing a 2.6% increase over the six-month interval. Q3 2022 saw an average rate of \$11.02, an annual rise of just over 6.53% year-over-year.

**Commercial Cap Rates:** The average capitalization rate for Industrial commercial property in Northeast Calgary and Rocky View County is currently averaging 6.95%, up from 6.88% in Q3 and 6.64% in Q1. We expect to see cap rates increase a little more and then flatten out, keeping pace with the recent uptick in Interest rates.

**Leasing Activity:** Completed lease deals have rebounded from a low of 518,830 square feet in Q2 to 856,725 sf in Q3. Again, this can be largely attributed to the uncertainty associated with interest rates and the reluctance of banks to fund as freely during the current period of hyper-inflation.

**Net Absorption:** At around 865,000 sf in Q3, net absorption has remained relatively steady, up just slightly from 550,000 in Q2. Forecasted absorption is predicted to increase minimally over the next two quarters.

Overall, the industrial commercial real estate market in Northeast Calgary and Rocky View County remains very strong, with low vacancy rates and robust activity in the sector. Whether interest rates subside or remain stable, the market will likely grow even stronger and trigger more development and rapid growth into 2024.

Area	Net Absorption SF (Q2 2023)	Net Absorption SF (Q3 2023)	Avg. Net Asking Rate (Q2 2023)	Avg. Net Asking Rate (Q3 2023)	Avg. Net Market Rate (Q2 2023)	Avg. Net Market Rate (Q3 2023)	Market Cap Rate (Q2 2023)	Market Cap Rate (Q3 2023)	Vacancy (Q2 2023)	Vacancy (Q3 2023)	Availability (Q2 2023)	Availability (Q3 2023)
Balzac	129,976	563,075	\$13.04	\$13.04	\$11.73	\$11.95	6.52%	6.59%	5.40%	4.10%	14.10%	17.40%
Stoney 1	37,323	NA	NA	NA	\$10.64	\$10.82	6.96%	7.03%	0.00%	0.00%	1.30%	1.30%
Stonegate Landing	119,556	-158,527	NA	NA	\$11.05	\$11.24	6.77%	6.84%	0.30%	8.80%	24.60%	21.50%
Stoney 2	44,722	-172,858	\$13.37	\$12.98	\$11.06	\$11.25	6.97%	7.05%	3.10%	6.40%	3.60%	7.30%
Stoney 3	-4,077	9,700	\$22.27	\$24.66	\$15.61	\$15.89	6.96%	7.03%	1.10%	3.60%	0.90%	5.10%
Saddleridge Industrial	NA	-49,703	\$20.00	\$20.00	\$10.79	\$10.95	7.20%	7.28%	0.50%	7.20%	11.20%	11.10%
Deerfoot Business Centre	15,433	27,819	\$10.22	\$11.14	\$10.33	\$10.52	7.11%	7.19%	0.90%	0.00%	0.90%	0.00%
Skyline West	26,328	-2,707	\$14.00	\$11.99	\$11.61	\$12.00	6.94%	7.00%	0.30%	0.60%	0.30%	0.60%
Skyline East	5,979	135,540	\$11.50	\$11.50	\$11.09	\$11.28	7.02%	7.10%	8.10%	2.10%	9.80%	9.10%
Westwinds	3,554	NA	\$13.40	\$13.40	\$12.97	\$13.19	7.05%	7.12%	0.20%	0.20%	0.70%	0.70%
Greenview Industrial Park	2,712	2,290	\$13.64	\$13.82	\$11.72	\$11.97	6.78%	6.85%	0.50%	0.50%	1.00%	0.70%
McCall	46,794	137,640	\$9.88	\$9.84	\$10.94	\$11.21	6.80%	6.86%	5.30%	1.10%	2.60%	1.90%
Pegasus	3,818	NA	\$12.87	\$12.00	\$11.74	\$12.08	6.69%	6.76%	1.80%	1.80%	8.20%	8.20%
North Airways	2,590	3,210	\$10.67	\$12.16	\$11.49	\$11.80	6.85%	6.93%	1.50%	1.40%	1.60%	2.50%
Horizon	51,286	18,773	\$10.71	\$10.92	\$10.70	\$10.83	7.24%	7.32%	2.40%	2.00%	3.20%	3.10%
South Airways	12,584	-588	\$10.07	\$10.37	\$11.02	\$11.23	7.00%	7.07%	4.70%	4.70%	4.60%	4.20%
Sunridge	-21,368	NA	NA	NA	\$11.13	\$11.27	7.13%	7.21%	1.80%	1.80%	3.20%	4.30%
Mayland	NA	NA	NA	NA	\$10.17	\$10.27	7.19%	7.26%	6.40%	6.40%	0.10%	0.10%
Meridian	1,251	-15,722	\$11.74	\$12.05	\$11.52	\$11.77	6.90%	6.97%	4.60%	5.30%	5.40%	8.20%
Franklin	18,842	4,092	\$11.26	\$11.62	\$10.18	\$10.32	7.36%	7.45%	3.90%	3.70%	5.30%	5.00%
<b>Total</b>	<b>497,303</b>	<b>502,034</b>	<b>\$11.49</b>	<b>\$11.79</b>	<b>\$11.27</b>	<b>\$11.47</b>	<b>6.88%</b>	<b>6.95%</b>	<b>3.50%</b>	<b>3.40%</b>	<b>6.90%</b>	<b>8.10%</b>

Source: CoStar



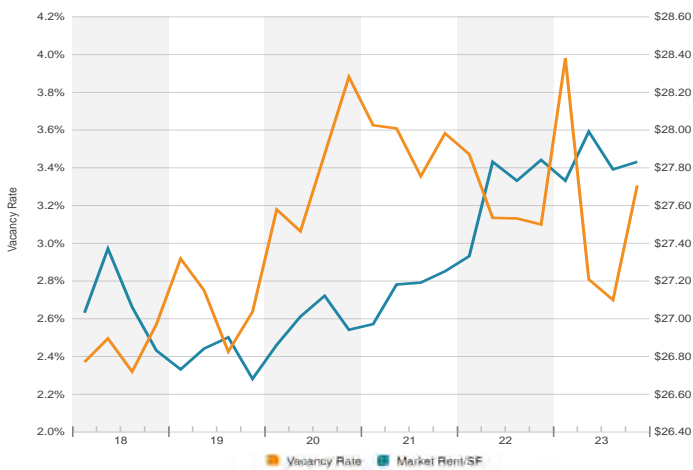
## RETAIL MARKET OVERVIEW

Western Canada saw some of the greatest gains in consumer spending year-to-date. In the first half of the year, total retail sales in Alberta grew over 6% year-over-year, – the second-highest rate across the country. Spending at restaurants and bars in the province during this period also grew at a notable rate of 17%. Calgary remains one of the strongest markets in terms of retail sales, with double-digit growth compared to the previous year. This reflects the city’s positive consumer sentiment and willingness to spend, and is further evidenced by the stability of lease rates for retail throughout 2023 to date, at around \$28 per square foot. For the remainder of the year, a continued influx of new residents and a boom in the tourism sector will solidify the metro area’s consumer base and maintain healthy retail sector fundamentals.



With robust job growth and consumer spending pointing toward a stronger-than-anticipated economy so far this year, a soft landing against rising interest rates has become more likely. Notably, population gains, and rising prices are now the main drivers of retail sales growth. Increased job creation numbers, rising retail and restaurant spending, and Canada’s economy have collectively outperformed expectations.

### Retail Net Absorption, Net Deliveries & Vacancy



Source: CoStar

Retailers and landlords are facing some headwinds for over the next 18 months, with the prime lending rate reaching its highest point in more than two decades. This high-interest environment has caused some hesitation on new-build retail options and has resulted in the postponement of construction financing for some new-build retail developments. Those developers with construction underway, or with standing inventory, will see the benefits of high demand well into 2024.

The market will evolve in light of these realities, with capitalization rates headlining and noticeably increasing over the next quarter.

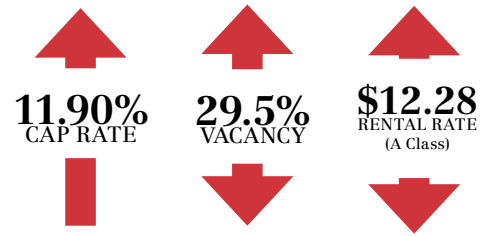
Area	Net Absorption SF (Q2 2023)	Net Absorption SF (Q3 2023)	Avg. Net Asking Rate (Q2 2023)	Avg. Net Asking Rate (Q3 2023)	Avg. Net Market Rate (Q2 2023)	Avg Net Market Rate (Q3 2023)	Market Cap Rate (Q2 2023)	Market Cap Rate (Q3 2023)	Vacancy (Q2 2023)	Vacancy (Q3 2023)	Availability (Q2 2023)	Availability (Q3 2023)
North West	48,021	74,540	\$30.54	\$30.08	\$32.01	\$31.78	5.78%	5.84%	2.70%	2.40%	3.50%	3.30%
North East	123,413	93,132	\$28.96	\$27.66	\$26.08	\$25.91	5.89%	5.94%	2.12%	2.15%	4.03%	4.17%
South West	107,316	33,571	\$30.72	\$30.23	\$28.13	\$27.94	5.84%	5.90%	2.91%	2.98%	3.93%	4.18%
South East	48,388	17,565	\$32.33	\$30.65	\$25.35	\$25.11	5.76%	5.80%	3.02%	2.73%	2.86%	3.02%
Downtown/Beltline	-16,180	32,724	\$23.41	\$23.41	\$27.20	\$27.00	5.93%	5.98%	4.30%	3.70%	6.10%	5.90%
<b>Total</b>	<b>310,958</b>	<b>251,532</b>	<b>\$29.86</b>	<b>\$28.97</b>	<b>\$27.99</b>	<b>\$27.79</b>	<b>5.84%</b>	<b>5.89%</b>	<b>2.81%</b>	<b>2.70%</b>	<b>3.98%</b>	<b>4.05%</b>

Source: CoStar



## DOWNTOWN OFFICE MARKET OVERVIEW

While the Downtown market has performed well over the past few quarters, global economic uncertainty and rising interest rates have caused some slowdown in overall activity. Companies major decision making process has slowed, and executives have anecdotally become more risk averse. The oil and gas sector remains stable while the tech sector continues to soften, with employees working remotely or under hybrid work models.



Quarter 3 of Calgary’s Downtown Office Leasing Market remained relatively flat. Overall tenant demand was stagnant and showed a net absorption of approximately 47,800 square feet. Vacancy rates dropped slightly for a fifth consecutive quarter, from 30.1% to 29.5%. The strongest demands continue to be in Class A and AA products due to continued flight to quality, while the Class B product remains in a state of flux. Class C products remain the driver for residential conversion in both the Downtown and Beltline areas. Sublet space availability continues to decline, with tenants reclaiming their sublease spaces and controlling their future growth. Overall subleased space accounts for approximately 5.2% of vacancies.

The conversion of office buildings to residential is likely to slow down, with the \$153-million in government funding having been exhausted. With the high demand of office space conversions, 11 buildings are slated for this redevelopment process with two more pending decisions.

With other major markets reporting their lack of real estate supply in all sectors, along with the Supreme Court ruling for bill C-69 as unconstitutional, Calgary anticipates investment opportunities and positive growth in all sectors for the upcoming quarters.

## Notable Downtown Office Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
ConocoPhillips	210,000	Gulf Canada Square	Headlease
Trans Mountain	140,000	Stock Exchange Tower	Headlease
Deloitte	103,000	Bankers Hall	Headlease
TAQA North	94,414	Jamieson Place	Headlease

Source: CoStar



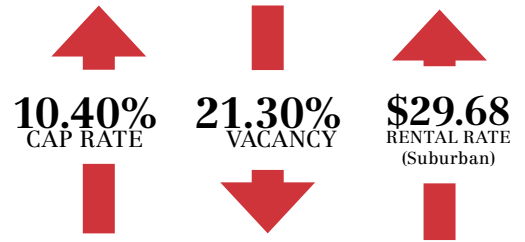
## SUBURBAN OFFICE MARKET OVERVIEW

Both the Suburban and Beltline Markets continue to show improvement.

The Calgary Beltline market, although improving, continues to see aggressive transactions with tenants actively looking to occupy space. Flight to quality still remains attractive to quality tenants. Buildings such as ATCO 1 and 2, and the former TransAlta Place (now called the Beltline Block), are undergoing improvements to try to attract these tenants. Enright Capital recently purchased 1122 -4 Street SW from Manulife, and intend to improve the building to compete for this tenant pool. Tenants are continuing to see aggressive incentives by landlords looking to fill their vacancies.

The Suburban Market has also improved since the spring of this year, leading the way by the NW and NE submarkets. Quality furnished sublease space continues to remain in short supply for tenants looking for flexible shorter-term leasing options. The increase of construction costs is forcing landlords to look for higher rates or longer terms to try to amortise these costs, making available sublease space even more attractive. Well kept “A Class” suburban buildings remain the first choice for larger national tenants. Engineering, education, and construction companies have been the tenant mix that have been the most active through this half of the year.

There have also been owner user sales that have taken place in both the Beltline and Suburban markets in the last six months. This is a great testament to the confidence in the Calgary area’s market and economic outlook.



### Notable Suburban Office Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
De Havilland	80,000	3699 63 Avenue NE	Sublease
PCL Construction	42,103	3030 2 Avenue SE	Headlease
General Dynamics	41,271	1120 68 Avenue NE	Headlease
Calgary Housing	27,267	2535 3 Avenue SE	Headlease

Source: CoStar





## MULTI-FAMILY MARKET OVERVIEW

Alberta’s population increase has taken centre stage across Canada, as it has reached record numbers, with the province increasing in population by 184,400 people this year. The latest Statistics Canada report shows this is the highest net inter-provincial gain recorded by any single province in Canada since this type of data has been recorded (dating back to the early 1950s).

Alberta saw its population increase from last year’s number by 4.1%, to a total of 4.7 million people mid-year. This percentage is a number not seen since 1981. The second quarter of 2023 saw inter-provincial migration adding 13,926 people, and international migration adding 31,371 new residents to the province. These numbers, coupled with the first quarter, totals an increase of more 180,000 residents migrating to Alberta in 2023.

With Alberta’s population experiencing record growth, housing demands have far exceeded market supply. This discrepancy has decreased vacancy rates and increased prices in the rental market. This trend is also seen in new and resale homes of all types. Calgary experienced a quarter-over-quarter rental rate growth rate of 3.7% in Quarter 3 (\$51), and 12.6% from the previous year (\$161), for an average monthly rental rate of \$1,438.

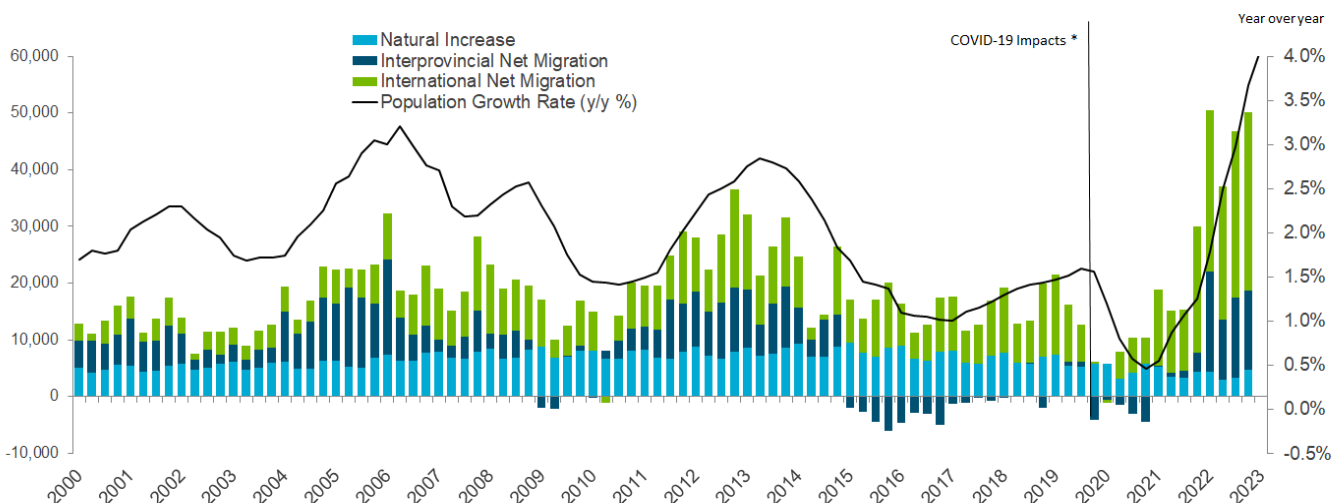
The shortage of housing has driven down vacancy rates in the new rental apartment market, which will be a continuing trend given the population explosion this year. Vacancy rates are now around 2%, according to Yardi, but two of Calgary’s largest landlords, Boardwalk and CAP REIT, are reporting vacancy rates closer to just 0.5%.

Increased demand for rental housing and an influx of migration has sent Alberta into a housing crisis. The federal government has noticed this crisis not just in Alberta, but across Canada. On September 14, 2023, they announced a GST relief program for new residential rental construction. This enhancement increases the GST Rental Rebate from 36% to 100%, and removes the existing GST Rental Rebate phase-out thresholds for purpose-built rental housing projects. The enhanced GST Rental Rebate will apply to projects that begin construction on or after September 14, 2023.

Forecasted population growth is expected to continue, suggesting the province needs 80,000 homes to accommodate the current influx of new Albertans. There are currently only 35,000 homes in Calgary and Edmonton under construction. Housing starts in Alberta are up 20% year-over-year, to a total of 4,108. Meanwhile, apartment construction saw the largest increase of all housing units by 88%, compared to September 2022.

Condominium sales represented two-thirds of total quarterly sales, with 1,099 of the total 1,658 listed condos sold. Wood frame condominium sales increased by 186% year-over-year, and have set a new quarterly record for the second consecutive time, with 888 sales. The average unit price across all product types has increased by 8.6% year-over-year, and 3.9% quarter-over-quarter.

Unsold inventory levels remained steady on a quarterly basis as new projects launched, helping to balance heightened levels of demand from both local buyers and out-of-province investors.



Source: Alberta.ca

We are geared to handle all our clients' needs under one roof. We specialize in buying, selling and leasing of Commercial Real Estate as well as Property Management, Consulting and Group Investment.

Our goal is to provide a collaborative personalized approach with our clients in creating superior real estate solutions. We offer a unique project-driven approach to the industry which encourages a more long-term strategy than just simply buying, selling, or leasing a property. By doing so, we are able to offer more value to our clients.

## Our Brokerage **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.

Our membership in NAI Global keeps our firm on the leading edge of the industry, while allowing us to maintain our local ownership and hometown loyalty. We benefit from the resources of a "corporate office" and hundreds of affiliated account executives worldwide without getting bogged down in bureaucracy. This arrangement makes it possible for us to take advantage of the best resources NAI has to offer and integrate them into a market-specific, and even client-specific approach.

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.

## NAI Advent



3633 8 Street SE  
Calgary, AB T2G 3A5

**t** (403) 984-9800  
**w** [naiadvent.com](http://naiadvent.com)  
**e** [info@naiadvent.com](mailto:info@naiadvent.com)



## 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.



**Garry Bobke**, *SIOR, CCIM*  
President | Senior Partner

 (403) 984-9804  
 [gbobke@naiadvent.com](mailto:gbobke@naiadvent.com)



**Tom Gorman**  
Broker | Managing Partner

 (403) 984-9814  
 [tgorman@naiadvent.com](mailto:tgorman@naiadvent.com)



**Harvey Russell**  
Senior VP | Principal

 (403) 620-0667  
 [hrussell@naiadvent.com](mailto:hrussell@naiadvent.com)



**Jamie Coulter**, *SIOR*  
Vice President | Partner

 (403) 984-9812  
 [jcoulter@naiadvent.com](mailto:jcoulter@naiadvent.com)



**Larry Gurtler**, *SIOR, CCIM*  
Vice President & Partner

 (403) 984-9811  
 [lgurtler@naiadvent.com](mailto:lgurtler@naiadvent.com)



**Chris Howard**  
Vice President

 (403) 830-6908  
 [choward@naiadvent.com](mailto:choward@naiadvent.com)



**Brian West**  
Senior Associate, Advisor

 (403) 984-6303  
 [bwest@naiadvent.com](mailto:bwest@naiadvent.com)



**Steven Heard**  
Senior Associate, Office Leasing

 (403) 984-6301  
 [sheard@naiadvent.com](mailto:sheard@naiadvent.com)



**Jim Balfour**  
Senior Associate

 (403) 984-9805  
 [jbalfour@naiadvent.com](mailto:jbalfour@naiadvent.com)



**Aaron Gunn**  
Senior Associate

 (403) 200-4026  
 [agunn@naiadvent.com](mailto:agunn@naiadvent.com)



**Brody Butchart**  
Senior Associate

 (403) 984-9815  
 [bbutchart@naiadvent.com](mailto:bbutchart@naiadvent.com)



**Kaile Landry**  
Associate

 (403) 984-9806  
 [klandry@naiadvent.com](mailto:klandry@naiadvent.com)



**Joshua Gill**  
Associate, Retail Services

 (403) 984-9808  
 [jgill@naiadvent.com](mailto:jgill@naiadvent.com)



**Connor West**  
Associate

 (403) 984-9803  
 [cwest@naiadvent.com](mailto:cwest@naiadvent.com)



**Tyler Guluche**  
Associate

 (403) 984-9816  
 [tguluche@naiadvent.com](mailto:tguluche@naiadvent.com)



**Blair Best**  
Associate, Capital Markets

 (403) 669-3969  
 [bbest@naiadvent.com](mailto:bbest@naiadvent.com)



**Joy Daklala**  
Associate

 (403) 984-9801  
 [jdaklala@naiadvent.com](mailto:jdaklala@naiadvent.com)



**Jennifer Myles**  
Associate

 (403) 975-2616  
 [jmyles@naiadvent.com](mailto:jmyles@naiadvent.com)



**Rick Wong**  
Associate

 (403) 606-1041  
 [rwong@naiadvent.com](mailto:rwong@naiadvent.com)



**Liliya Chukleva**  
Marketing Manager

 (403) 984-9818  
 [lichukleva@naiadvent.com](mailto:lichukleva@naiadvent.com)

**Peace Herman**  
Sales & Marketing Assistant

 (403) 984-9802  
 [pherman@naiadvent.com](mailto:pherman@naiadvent.com)

**Nowel Bobke**  
Marketing Assistant

 (403) 984-9826  
 [nbobke@naiadvent.com](mailto:nbobke@naiadvent.com)



# 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

## Garry Bobke, *SIOR, CCIM*

☎ (403) 984-9804  
✉ gbobke@naiadvent.com

## Jeff Beaucage

☎ (825) 540-5824  
✉ jbeaucage@naiadvent.com

## Victoria Nikitina

☎ (403) 984-9813  
✉ vnikitina@naiadvent.com

## Tom Gorman

☎ (403) 984-9814  
✉ tgorman@naiadvent.com

## Michele Marsh

☎ (403) 984-9819  
✉ mmarsh@naiadvent.com

## Sean McKinlay

☎ (403) 880-9540  
✉ smckinlay@naiadvent.com

## Kristine Emery

☎ (403) 984-9817  
✉ kemery@naiadvent.com

## Kathleen Lefevre

☎ (403) 984-6302  
✉ klefevre@naiadvent.com

## Louise Hubbard

☎ (825) 540-5828  
✉ lhubbard@naiadvent.com



# 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.**

## 1104 20 AVENUE NW



Retail building for sale. The subject property is situated in the heart of Calgary's bustling Capitol Hill neighbourhood, benefiting from high visibility and easy accessibility. Total of \$120,000 improvements made. **Contact Blair Best for more details..**

## 261224 RR 290, BALZAC



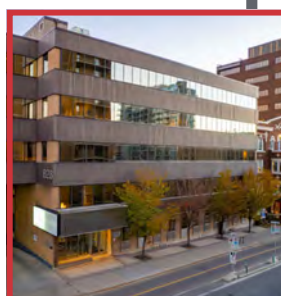
Development Land. Inside the Rocky view East ASP. Across the street from Lowes 1.28 Million SF distribution building. 39.13± Acres Can be subdivided into 2 lots **Contact Aaron Gunn or Tyler Guluche for more details.**

## 4041 74 AVENUE SE



Fully Leased multi-tenanted Industrial Building with direct exposure to Barlow Trail. Each unit contains a good mixture of office and warehouse space. Bay sizes ranging from 2,600 to 5,600 square feet. Ample parking on site. **Contact Larry Gurtler, Jamie Coulter, or Brody Butchart for more details.**

## 628 12 AVENUE SW



Desirable Beltline location with high visibility and easy access and egress. High-end medical, dental, office, and retail space. Abundance of parking for tenants and clients. Coffee shops, retail, and wellness centers welcomed. **Contact Rick Wong for more details.**

[DOWNLOAD DETAILED EXCLUSIVE LISTINGS](#)

[FIND MORE PROPERTIES ON OUR WEBSITE](#)

# Sources

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



# The world's largest commercial real estate network

55 countries. 400 local offices. 5,000 local market leaders.  
All actively managed to work wherever you do.

**NAI Advent**

**NAI Advent**  
3633 8 Street SE  
Calgary, AB T2G 3A5

**t** (403) 984-9800  
**w** [naiadvent.com](http://naiadvent.com)  
**e** [info@naiadvent.com](mailto:info@naiadvent.com)