

Return of large format users results in strong net absorption

▼ 5.3%
Availability Rate

▼ 4.2%
Vacancy Rate

▲ 1.9M
SF Net Absorption

▲ 628K
SF New Supply

▲ 3.6M
SF Under Construction

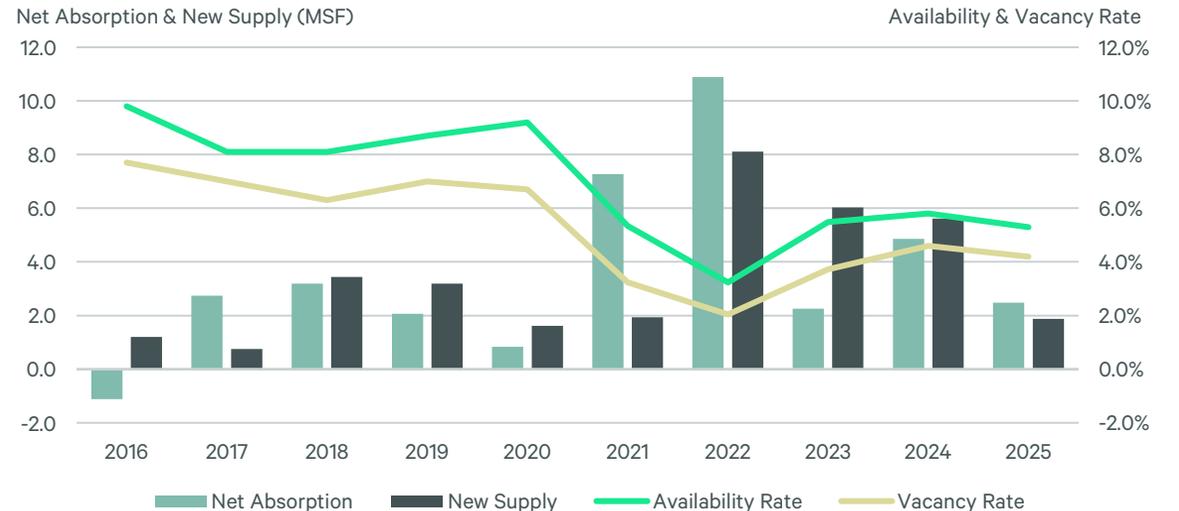
▼ \$11.29
PSF Net Asking Rate

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

- After a relatively slow start to the year, Calgary’s industrial market ended 2025 on a high note, with its strongest quarter of net absorption since Q3 2022. Net absorption was driven by leasing activity in the large-format market, and 628,000 sq. ft. of new supply that came to market fully committed.
- Inventory under construction increased and marked a second consecutive quarter of expansion proceeding a sustained decline that began in late 2023. Despite this, inventory under construction remains below the 5-year average of 4.4 million sq. ft.
- Despite economic uncertainty, market availability remained relatively stable throughout 2025. Deal velocity in the small and mid-bay segments, coupled with an absence of speculative new supply, lead to stability in the first three quarters of the year, while an uptick in demand for large bays pushed net absorption in Q4 2025.
- Availability has fallen to the lowest it has been since Q3 2023. Notably, availability in the Southeast and “Other” submarkets continues to contract, whereas the Northeast and South Central submarkets showcase tight market conditions with limited options available for prospective tenants.

FIGURE 1: Market Fundamentals



Source: CBRE Research, Q4 2025.

Market fundamentals

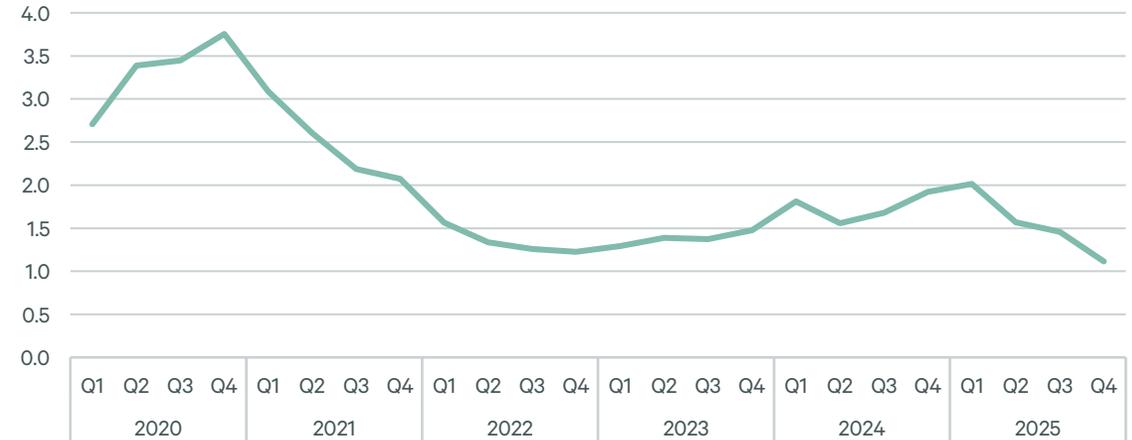
Calgary’s Industrial market remained relatively stable throughout 2025 with an increase in activity in the second half of the year driven by large-format users. The 1.9 million sq. ft. of net absorption seen this quarter accounted for the majority of the 2.5 million sq. ft. net absorption in 2025. Despite economic uncertainty and tariff concerns leading to a slower start to the year, the 1.9 million sq. ft. of net absorption was the most in a quarter since Q3 2022.

This number was partially driven by 628,000 sq. ft. of new supply that came to the market fully leased in Q4 2025. This has been a common theme in 2025, with 95.9% of the 1.9 million sq. ft. of new supply delivered this year being pre-leased before project completion. This makes up the overwhelming amount of net absorption on the year, with net absorption on existing inventory being significantly lower than is seen most years. This trend is expected to continue into 2026, with 932,000 sq. ft. of design build projects expected to complete this year.

Decreasing availability

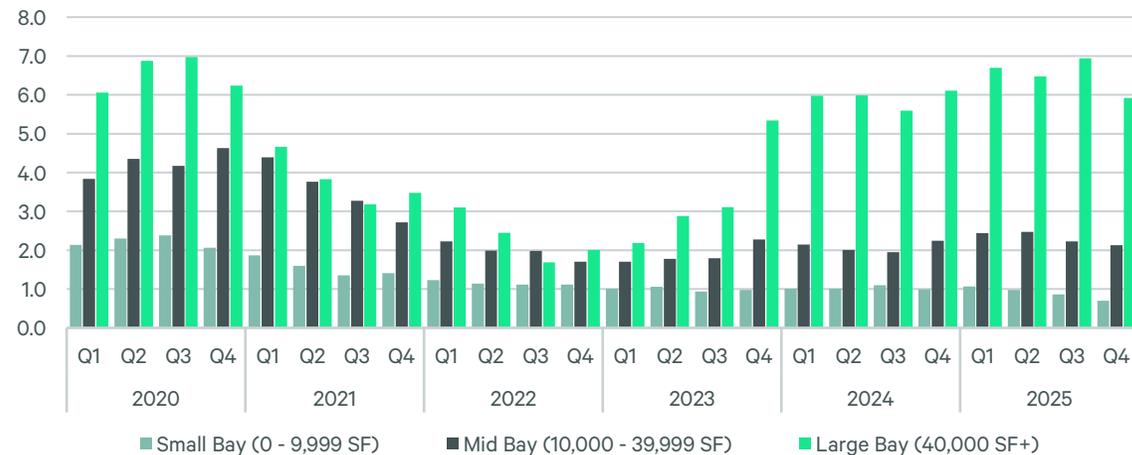
In Q4, 2025, the availability rate decreased 80 bps from 6.1% to 5.3%, which is the lowest it has reached since Q3 2023. After significant lease-up in large bay spaces, there are only 49 vacancies above 40,000 sq. ft., a decline of 19.7% in the quarter. With a recent lack of speculative construction, moving into 2026 we can expect this trend to continue. Moreover, availability in the large-format space, is expected to continue contracting throughout 2026 as market activity continues to trend upwards in the industrial sector and construction projects come to market with strong pre-leasing. As of Q4 2025, there were only 19 options greater than 100,000 sq. ft. available for lease or sale, with little soon to be speculative construction for this size range coming to market in the coming quarters.

FIGURE 2: Space Available for Sale (User Sales Only, For Sale or Lease options Included) (MSF)



Source: CBRE Research, Q4 2025.

FIGURE 3: Industrial Availability by Bay Size (MSF)



Source: CBRE Research, Q4 2025.

Speculative construction and potential market gaps

Tightening availability has led to a moderate increase in speculative construction projects being announced and beginning construction. Some notable speculative projects that broke ground this quarter include Gateway 290 by RCG in High Plains Industrial Park and the Constellation project being led by Hopewell and XXIII Capital. These developments account for 329,000 sq. ft. and 205,000 sq. ft. of future industrial supply, respectively.

Despite this, only 1.1 million sq. ft. of speculative new construction product is expected to come to market in 2026, well below historical averages and a likely insufficient amount to fill market demand. Additionally, a notable portion of these under construction projects and other anticipated projects are currently geared towards small and mid bay users. These segments have been highly active in recent years, and as available options diminish, these projects are well positioned to meet a market demand. However, a gap is forming in the market due to the lack of speculative large bay development. Existing available options for large bay users have fallen to their lowest point in two years and are expected to continue to diminish, with too few new speculative large bay buildings to fill the gap.

This problem is particularly prevalent for large users who require a 40' clear height, which has increasingly become a requirement for users who are implementing any automation measures and provides tenants with better greater racking options. In the 75,000 sq. ft.+ size segment, there are currently only three existing options that meet this need, with little to no uncommitted new speculative development expected to come to market in the next 18 months.

Despite a slight resurgence of speculative development projects catering to the trend of decreasing availability, large design build projects including Dollarama's Distribution Centre and Princess Auto's new facility currently account for over 70% of all industrial inventory under construction, totalling to a cumulative 2.3 million sq. ft.

FIGURE 4: Quarterly Under Construction (MSF)
Inventory Under Construction (MSF)



Source: CBRE Research, Q4 2025.

FIGURE 5: Under Construction Pre-Leasing Activity by Forecasted Scheduled Delivery



Source: CBRE Research, Q4 2025.

FIGURE 6: Q4 2025 Industrial Market Statistics

	Inventory (SF)	Vacant Space (SF)	Vacancy Rate (%)	Available Space (SF)	Availability Rate (%)	Occupied Space (SF)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	YTD New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	TMI (PSF)	Gross Asking Rent (PSF)
Northeast	49,820,117	1,575,169	3.2%	1,949,453	3.9%	47,870,664	419,477	421,774	39,582	107,330	391,527	\$11.80	\$5.67	\$17.47
Southeast	62,677,753	2,814,924	4.5%	3,995,826	6.4%	58,681,927	506,236	660,836	467,181	764,496	503,276	\$11.25	\$5.30	\$16.55
South Central	28,525,963	402,889	1.4%	567,438	2.0%	27,958,525	93,774	170,902	0	0	0	\$11.75	\$6.63	\$18.38
Other	23,296,473	2,149,381	9.2%	2,236,734	9.6%	21,059,739	890,960	1,222,484	120,754	1,005,087	2,753,846	\$10.80	\$3.65	\$14.45
Calgary Total	164,320,306	6,942,363	4.2%	8,749,451	5.3%	155,570,855	1,910,447	2,475,996	627,517	1,876,913	3,648,649	\$11.29	\$5.05	\$16.34

Source: CBRE Research, Q4 2025.

FIGURE 7: Notable Projects Under Construction

Submarket	Property	Size (SF)	Type	Expected Delivery
Other	Dollarama Warehouse	1,660,000	Design Build	Q3 2027
Other	Stoney North Logistics Centre – Phase I – Princess Auto	607,000	Design Build	Q3 2026
Other	Gateway 290	329,000	Speculative	Q2 2026
Southeast	Eastlake Industrial Business Park – Building 2	205,000	Speculative	Q1 2026
Southeast	Constellation – Hopewell & XXIII Capital	133,000	Speculative	Q3 2026
Northeast	Country Hills Industrial – Hyatt Building 1	95,000	Speculative	Q1 2026

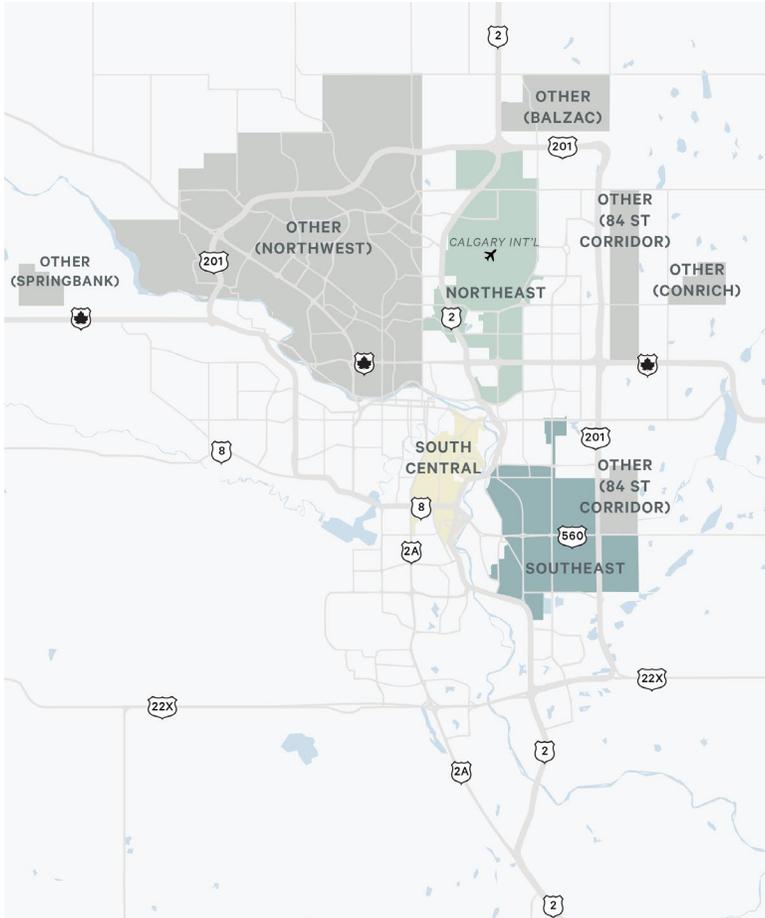
Source: CBRE Research, Q4 2025.

FIGURE 8: Notable Lease Transactions (> 50,000 SF)

Size (SF)	Tenant	Address	Submarket
316,000	Article.com	292031 Wagon Wheel Boulevard Hub Logistics Centre – Building 2	Other
252,000	Scott Springfield	60 Carmek Drive SE Citylink Logistics – Building 2	Other
245,000	Electrolux Canada Corp.	260221 Range Road 292 CrossIron Distribution Centre – Building 1	Other
139,000	DIRTT	7504 30 Street SE	Southeast
106,000	Southwire Canada Company	5543 72 Avenue SE Great Plains Distribution Centre – Building B	Southeast
66,000	Regal Auctions	2719 3 Avenue NE	Northeast
50,000	Henry Schein Canada, Inc.	5664 69 Avenue SE	Southeast

Source: CBRE Research, Q4 2025.

Market Area Overview



Definitions

Available sq. ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.

Availability Rate: Total Available sq. ft. divided by the total building Area.

Net Absorption: The change in Occupied sq. ft. from one period to the next.

Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, operating costs, building insurance, and major maintenance) typically included in a gross Lease Rate.

Vacancy Rate: Total Vacant sq. ft. divided by the total Building Area.

Vacant sq. ft.: Space that can be occupied within 30 days.

TMI: Taxes, Maintenance, & Insurance.

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