

Market Overview: Q1 2011

The Calgary Industrial market continues to improve as vacancy declined from 5.11% last quarter to 5.05% this quarter. During this period the market registered approximately 215,000 square feet of net absorption. Rental rates continue to trend upwards and demand for space continues to increase.

Several new industrial projects are underway in the city with nearly 2 million square feet of space proposed. Although most of these new buildings won't be fully complete until 2012, some are aiming for initial occupancy starting in late 2011. The availability and choice selection for tenants in the market for mid and large sized distribution facilities has improved.

Such projects and expansion have contributed to 44 industrial permits being issued this quarter at an estimated value of \$608,579,931. This astonishing number is largely attributed to the expansion of the Calgary International Airport but demonstrates the continued confidence in the Calgary market.

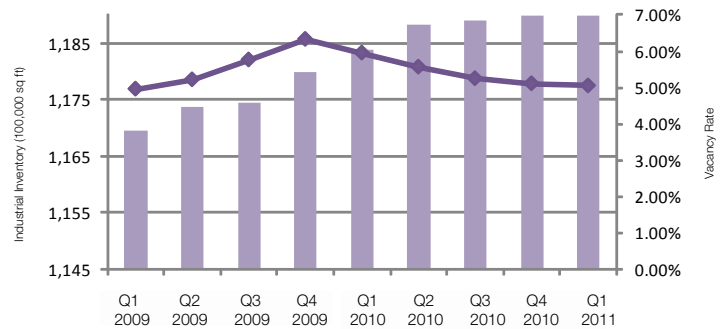
The airport is the epicenter of this development, Barlow Trail North has now been shut down at 48 Avenue NE and the servicing and infrastructure greatly expanded in the area. Construction has begun for Wam Development Group's "Building 4" at Stoney Industrial Centre consisting of 436,000 square feet. Oxford Properties has commenced development of a major industrial park in the area immediately north of the airport, starting with the construction of two buildings totaling approximately 600,000 square feet. There is little question that this area will provide more opportunities for tenants and users, however the rates and prices that these new buildings will require will also be pushed.

The future of the industrial market is directly correlated with the economic growth of several primary industries in Alberta. The continued growth in these industries should promote a strong environment in the short and mid term outlook. The large investors and developers in our market place are definitely expressing the confidence with their action.

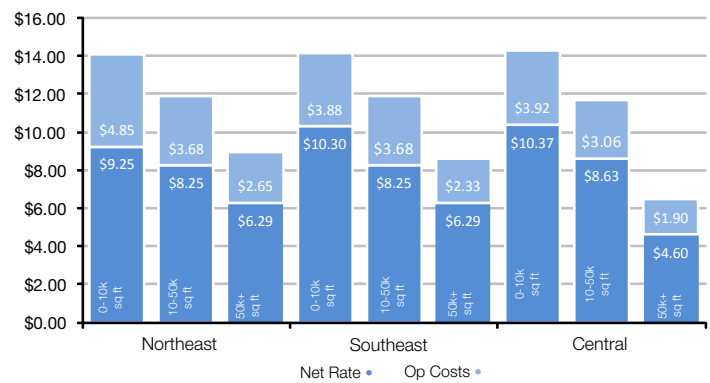
Calgary Industrial: Q1 Facts & Figures

Market Size	↔	119,393,572 sq ft
Total Industrial Space Available	↓	6,413,992 sq ft
Vacancy Rate	↓	5.05%
Absorption (ytd)	↑	212,558 sq ft

Vacancy and Industrial Inventory



Average Gross Rental Rate



Notable Industrial Projects

Oxford Properties: Airport Business Centre

- This major project, consisting of 257 acres located east of Deerfoot Trail, between Airport Trail and Country Hills Blvd, next to the Calgary International Airport, is currently underconstruction.
- When fully developed, this master planned business park will have over 3.8 million sq ft of industrial, office, hotels and retail.
- Two buildings consisting of approximately 600,000 sq ft will kick off development in 2011.

WAM Development Group: Stony Industrial

- The latest warehouse at Stony Industrial Centre is currently under construction with a commitment for occupancy by the end of 2011.
- "Building 4" will be a 436,000 square foot warehouse (demiseable into 20,000 sq ft bays). It will feature 32' clear ceilings and a Leed certified rating.

Hopewell Development Group: Hopewell Airport Park

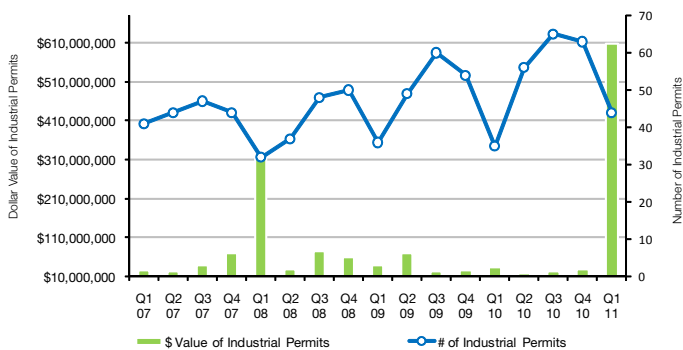
- Servicing and construction of of Building D, totalling 148,280 sq ft, in Phase II of Hopewell Airport Park, will begin next month.
- The building will be demiseable into 14,500 sq ft bays.

Northeast Development Park Map



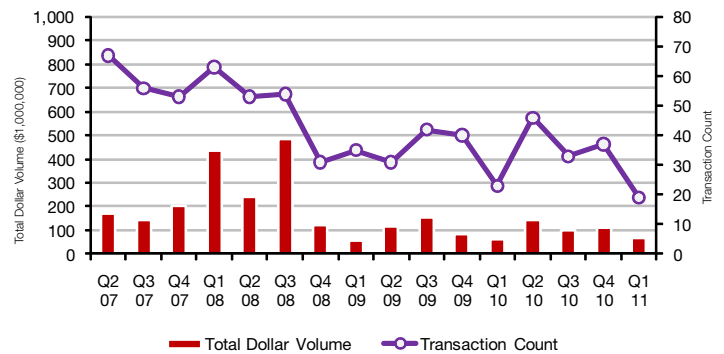
Building Permits ↑

Dollar Value of Industrial Building Permits



Industrial Building Sales ↓

Investment in Industrial Real Estate



- 44 industrial permits were issued for Q1 2011, down slightly from past quarters.
- The dollar figure for industrial permits for this period was an astonishing \$608,579,913.
- The biggest contributor to this increase was a permit issued to the Calgary Airport Authority for a portion of \$2-billion runway and terminal expansion program.

- There was a decrease in the amount of industrial building sales this quarter. Both dollar volume and the number of transactions declined.
- The price achieved for industrial properties held constant. An average price of \$151 psf was recorded for all transactions.
- The largest sale from the quarter was 415 Manitou Road SE, 121,622 sq ft for close to \$8 million.

Industrial Building Sales - Q1 2011

Address	Purchaser	Size	Price	Price/sq ft	Lot Size
415 Manitou Road S.E.	Friday Investment Group	121,622 sq ft	\$7,961,530	\$65	4.49 acres
3131 57th Avenue S.E.	Sartan Investment Ltd.	69,120 sq ft	\$3,560,000	\$52	5.50 acres
4334 68th Avenue S.E.	Private Investor	29,396 sq ft	\$2,200,000	\$75	7.50 acres
4635 & 4735 1 Street S.E.	Private Investor	20,033 sq ft	\$4,240,000	\$212	4.96 acres
4415 1st Street S.E.	Yonex Corporation	18,400 sq ft	\$2,200,000	\$120	1.02 acres
5539 6th Street S.E.	J.K. Molnar International	11,185 sq ft	\$2,000,000	\$179	0.59 acres

Source: RealNet Canada

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