

## Industrial Area Summary

The purpose of this attachment is to provide the rationale for industrial growth investments that warrant further consideration in the 2023-2026 service plans and budgets as part of the Citywide Growth Strategy.

## Industrial Area Investment Recommendations for 2023-2026

Infrastructure investments that will help enable industrial growth have been identified in Attachment 2. These investments in transportation and utility upgrades will help enable sustainable economic diversification and support job creation.

These investments were identified as timely and important to supporting industrial growth through an inter-departmental review process and stakeholder consultation. They are consistent with the integrated decision-making policies of the Municipal Development Plan outlined in section 5.2.6 which calls for collaboration between City departments to prioritize and combine growth-related projects that advance common goals.

The investments are distributed among the two major industrial sub-markets of the city (Northeast and Southeast) and include two road building projects, one interchange improvement, two sanitary improvements, and two bus rapid transit routes.

These investments serve multiple purposes including growth. They support the expansion of existing industrial businesses and enable new growth, connect people with jobs through low carbon transportation options, realize barrier-free goods movement network, increase non-residential tax base, increase Calgary's regional competitiveness, and also support established areas and new communities.

### Industrial Development Activities in the Northeast and Southeast Sub-markets

Both the Northeast and Southeast sub-markets are showing notable growth and absorption of available parcels, given the increased growth pressures due to strong demand in the industrial market in the last few years. Each sub-market serves a unique purpose in the city's overall industrial market.

In 2020, Calgary had approximately 440 hectares of large serviced<sup>1</sup> vacant industrial lands in the Northeast and 257 hectares in the Southeast. As shown in Table 1, based on information from The City's [Development Map](#), which tracks live development applications, as of May 2022, the majority of these lands had active planning applications underway, such as Land Use Redesignations and Development Permits.

Development Permits include new industrial buildings, expansions to existing industrial buildings, excavation, and stripping and grading in preparation for new development. Land Use Redesignation applications include rezoning parcels from Special Purpose-Future Urban

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<sup>1</sup> "serviced" industrial lands means – municipal services are in place at the property line/parcel boundary. These are "shovel-ready" lands suited for development – either in a state to allow building activity to commence, or site preparations to be advanced.

Development (S-FUD) Districts to Industrial-General (I-G) and other industrial districts. These activities reflect the current growing industrial market.

**Table 1: Industrial Development Activities and Vacancy Rates in Northeast and Southeast**

	Northeast	Southeast
Vacant serviced industrial lands larger than 5 hectares	440 ha	257 ha
Vacant serviced industrial lands larger than 5 hectares <b>with</b> active development applications as of May 2022	375 ha	206 ha
Vacant serviced industrial lands larger than 5 hectares <b>without</b> active development applications as of May 2022	65 ha	51 ha
Industrial vacancy rate in Q1 2020	8.9 %	7.3 %
Industrial vacancy rate in Q1 2021	4.8 %	3.4 %

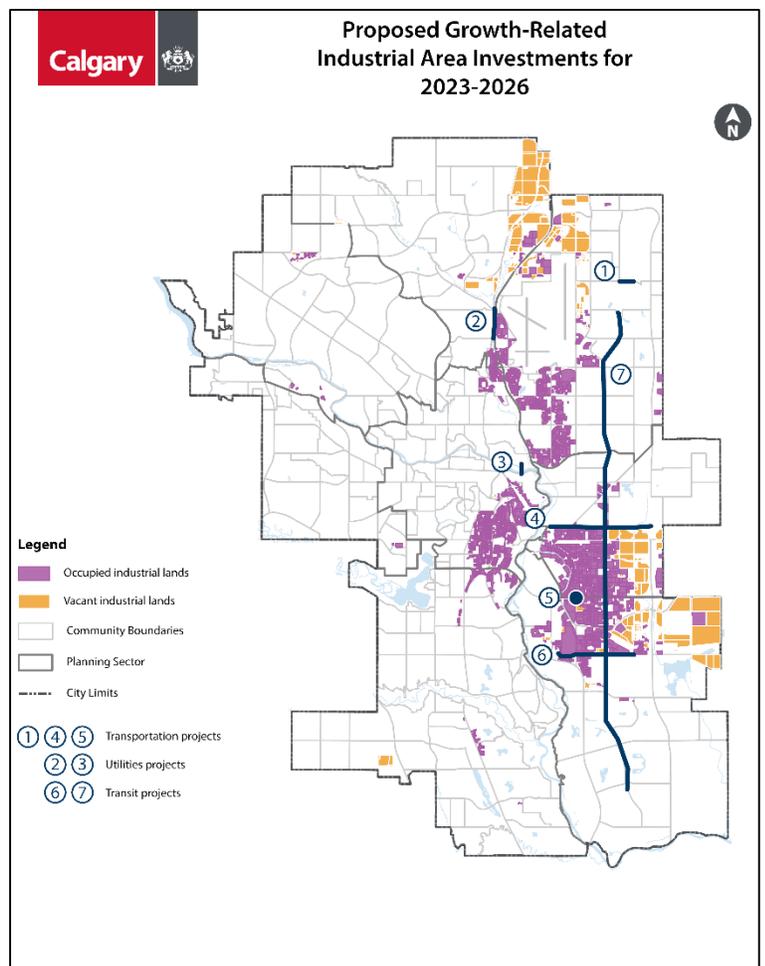
Additionally, as an indication of absorption of existing built space, the vacancy rate in both sub-markets dropped significantly since 2020. This is a result of Calgary’s market being competitive nationally with markets such as Toronto and Vancouver.

Specific to City-owned industrial supply, it is anticipated that by Fall 2022, the portfolio of City-owned industrial lands in the Southeast sub-market will be sold out. Currently, there are no available vacant industrial parcels in Dufferin North and Point Trotter Phase 2 industrial areas. There is limited inventory of small parcels remaining in Point Trotter Phase 1. The last remaining parcel in East Lake Industrial Park will be leased this fall. To support industrial growth, infrastructure shown in Map 1 and described in Table 2 warrant further consideration for the 2023-2026 service plans and budget cycle.

These investments are directly linked to Council’s Strategic Direction 2023-2026 for economic resilience, and Action B.1 of the [2022 Industrial Action Plan](#), which directs Administration to identify and prioritize investments in industrial areas as part of the 2023-2026 service plan and budget.

These investments are also identified as growth-related priorities of other City departments such as Transportation and Water Resources and achieve the Municipal Development Plan and Calgary Transportation Plan vision and goals.

**Map 1: Infrastructure Investment in Support of the Industrial Sector**



**Table 2: Infrastructure Investments in Support of the Industrial Sector**

Investments	Service Line	Estimated Cost	Key Benefits
<b>Northeast</b>			
1. Airport Trail NE Widening from 60 Street NE to 68 Street NE	Streets	\$20.0M	<ul style="list-style-type: none"> <li>• Integral part of the multi-modal transportation network, connecting communities, industrial and commercial areas to YYC.</li> <li>• Part of the <a href="#">Canamex/North-South Trade corridor</a></li> <li>• Continuation of ongoing improvements on Airport Trail</li> </ul>
2. Nose Creek Sanitary Trunk Upgrade from 64 Ave NE to Beddington	Wastewater Collection and Treatment	\$42.7M	<ul style="list-style-type: none"> <li>• Serve the entire north Calgary sanitary catchment area</li> <li>• Address current issues in the sanitary system</li> <li>• Increase sanitary capacity for industrial, and residential growth within existing and new growth communities</li> </ul>
3. Inglewood Sanitary Trunk Upgrade North of the Bow River		\$19.2M	
<b>Southeast</b>			
4. Peigan Trail widening between Barlow Trail and Stoney Trail	Streets	\$43.0M	<ul style="list-style-type: none"> <li>• Widens Peigan Trail from a two-lane undivided to a four-lane divided road</li> <li>• Allow existing industrial business to expand their operation</li> <li>• Unlock the development potential of approximately <b>80 hectares</b> of lands north and south of Peigan Trail: <ul style="list-style-type: none"> <li>○ Increasing non-residential tax base</li> <li>○ Creates <b>~2,800 new jobs</b></li> </ul> </li> <li>• Enables efficient movement of goods and people, resolves traffic congestion</li> <li>• Supports the long-term upgrades to Peigan Trail as part of the Primary Goods Movement Network as defined in the Calgary Transportation Plan</li> </ul>
5. Glenmore Trail SE and Barlow Trail SE Interchange	Streets	\$40.0M	<ul style="list-style-type: none"> <li>• Grade-separated interchange</li> <li>• Allow existing industrial business to expand their operation</li> <li>• Unlock the development potential of approximately <b>170 hectares</b> of lands north and south of Peigan Trail: <ul style="list-style-type: none"> <li>○ Increasing non-residential tax base</li> </ul> </li> </ul>

			<ul style="list-style-type: none"> <li>○ Creates <b>~6,000 new jobs</b></li> <li>● Increases capacity on one of the busiest commercial goods movement corridors in Calgary</li> <li>● Helps realize the barrier-free east-west corridor in Calgary's south</li> </ul>
6. Max Teal/South Crosstown Bus Rapid Transit	Public Transit	\$6.6M	<ul style="list-style-type: none"> <li>● 4.5km extension of the existing Max Teal/South Crosstown BRT route to the east along 114 Avenue SE from Douglas Glen terminal at 29 Street SE to 68 Street SE</li> <li>● Connects Southeast industrial areas with nearby residential neighbourhoods which supports active modes of transportation for employees of labour intensive businesses and customers</li> </ul>
7. 52 Street East Bus Rapid Transit	Public Transit	\$60.0M	<ul style="list-style-type: none"> <li>● Serve east Calgary residential and industrial areas with a north-south rapid transit service between Saddletowne LRT Station and South Health Campus/Seton Major Activity Centre</li> <li>● Operate on High Occupancy Vehicle (HOV) or transit-only lanes on 52 Street E, with transit priority at intersections throughout the route</li> </ul>
<b>Total</b>		<b>\$231.5M</b>	

### Operating Cost for Bus Rapid Transit (BRT) Investments benefiting Industrial Areas

Administration has identified that the net annual operating cost increase for operating the entire Max Teal/South Crosstown BRT after extension to 68 Street SE is approximately \$4.6M annually, and the entire 52 Street E BRT is approximately \$14.6M annually. These operating costs are not likely to be incurred in its entirety until the projects are fully complete and service levels are expanded over several years and budget cycles. Operating budgets for appropriate service levels will be requested via the Public Transit service line as part of the service plans and budget process.

### Future Improvements to Enable Continued Growth in the Northeast:

To remain nationally and regionally competitive in the industrial market, and to maintain adequate amount of available vacant serviced lands for continuous industrial growth in the Northeast sub-market, new infrastructure investments will be required, likely in 2027-2030. As the currently available serviced vacant industrial lands dwindle in the Northeast sub-market, both the extension of 128 Avenue NE west over the Deerfoot Trail and widening of Country Hills Boulevard NE would enable the development of **270 hectares** of new industrial lands. This would create approximately **9,000 jobs**. These investments are not identified on Map 1.

### **Future Improvements to Enable Continued Growth in the Southeast:**

To enable the continued pace of industrial development and the market flow in the Southeast, there are ultimate infrastructure improvements that would be needed in future budget cycles. This includes improvements at 68 Street SE and Glenmore Trail SE and 68 Street SE and Peigan Trail SE that will respond to the supply of vacant serviced industrial lands in the Southeast. These two major improvement projects are captured in The City's long range capital plan and would unlock the development potential of approximately **425 ha** of new industrial development. This would create approximately **14,000 jobs**. These investments are not identified on Map 1.

The annexation in the Southeast is proceeding and with it an expectation of development. Investment requirements are unknown at this time, but could be brought forward through the annual adjustment process if needed.

### **Stakeholder Feedback**

Administration sought stakeholders' feedback through the Industrial Strategy Working Group (ISWG) to identify priority industrial areas that would benefit from growth enabling infrastructure investments. This is a diverse group, comprised of members from land development associations (BILD Calgary Region and NAIOP), industrial landowners and developers, Calgary Economic Development, professional consultants, industrial brokers, and the Calgary Airport.

Stakeholders identified the Southeast industrial areas as a priority area for transportation and utility infrastructure investments. Stakeholders also identified the improvements along Peigan Trail and Glenmore Trail corridors and advocated for projects that result in enabling new industrial growth.

Stakeholders also identified the need for 128 Avenue NE improvements from Deerfoot Trail to Stoney Trail that would support new industrial development west of Deerfoot Trail.