

**Planning & Development Services Report to  
Infrastructure and Planning Committee  
2025 June 04**

**ISC: UNRESTRICTED  
IP2025-0538**

**Citywide Growth Strategy: Industrial Action Plan**

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**PURPOSE**

This report updates The City's Industrial Action Plan to position Calgary to attract industrial development that will support the city's economic diversification and growing population, within a robust regional industrial market.

**PREVIOUS COUNCIL DIRECTION**

The first Industrial Action Plan was directed by Council on 2021 March 22 (PUD2021-0150) as part of the *Citywide Growth Strategy: Industrial* to help enable industrial growth in collaboration with representatives from Calgary's industrial sector (Attachment 1).

On 2022 February 15 Council further directed a set of actions through the 2022 Industrial Action Plan (IP2022-0080). An update was provided on 2023 June 6 (IP2023-0346) when a revised 2023 Industrial Action Plan was directed.

**RECOMMENDATION(S):**

That the Infrastructure and Planning Committee recommend that Council direct Administration to implement the proposed Industrial Action Plan (Attachment 2).

**GENERAL MANAGER COMMENTS**

General Manager Debra Hamilton concurs with the recommendations in this report. A robust industrial sector is an important part of our growing city and the Industrial Action Plan will encourage industrial growth within Calgary.

**HIGHLIGHTS**

- Enabling industrial development is crucial to meet the needs of a growing population, increase economic diversity and create well-paying jobs. Calgary's population provides a workforce and customers for these employment areas – in closer proximity than other options.
- A diverse mix of land uses including industrial land supports the overall non-residential tax assessment base. Development contributes to infrastructure through off-site levy contributions and site improvements, and City operations through taxes.
- Recently, industrial development has stagnated, with an average of just nine hectares per year over the last decade, during a time when regional industrial development has been substantial. Based on Avison Young reporting, the region outside Calgary was responsible for 90 per cent of net new building in the Calgary region during 2018-2024.
- The new Prairie Economic Gateway is a critical part of the region's attractiveness and increases choice for key focus sectors noted by Calgary Economic Development and its Invest Greater Calgary initiative.
- Changes to the Airport Vicinity Protection Area Regulation in 2021 created new opportunities for different land uses including housing, mixed use and commercial in areas previously restricted to industrial uses.
- The proposed Industrial Action Plan (Attachment 2) establishes a clear pro-growth direction for the industrial sector while optimizing the supply of vacant industrial land to determine where conversions can help enable housing and mixed use development.

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### DISCUSSION

#### *Why Industrial Development is important in Calgary*

A robust industrial sector provides long-term economic resilience, supports jobs and services for a growing population and serves as a significant portion of Calgary's tax base. For example, in 2021, manufacturing, wholesale trade, transportation and warehousing contributed \$19.7 billion (16 per cent) to Calgary's Gross Domestic Product, and the sector supported over 53,500 jobs, accounting for 10 per cent of jobs in the city. With the decrease in assessment value of downtown offices occurring over the past ten years, the industrial sector has increased from 21 to 34 per cent of the overall non-residential assessment base. Industrial development also contributes to infrastructure investment through off-site levies.

Administration examined the current state of industrial development and determined that economic conditions, particularly off-site levies and property taxes, are not optimized for attracting industrial land development within Calgary. This represents a lost opportunity for the local economy and the non-residential assessment base. Stagnated development in the last decade has meant lower municipal reserve contributions via cash-in-lieu, removing a key funding source for school sites during a time when school site development is a priority. Furthermore, industrial to residential land use conversions have increased and generally been managed one by one by Administration, which has led to uncertainties for developers.

As Calgary grows toward a population of 2 million, building a city that provides places to live, work and play, anchored by a strong economy, requires a proactive Industrial Action Plan. This Plan addresses industrial attractiveness and is focused on locational strengths within Calgary (goods movement network, accessible workforce and existing infrastructure). It is inclusive of the vision for Prairie Economic Gateway and, as long as sufficient industrial land supply is maintained, enables housing and mixed use development where it makes sense to do so.

#### *How the Industrial Action Plan Will Support Industrial Growth*

An updated Industrial Action Plan establishes a direction for industrial growth, identifying key actions, and where flexibility exists. Administration is recommending a stronger, more urgent approach to enable industrial development that will:

- **Leverage Strengths:** Calgary has inherent strengths such as the proximity of jobs to a talent and labour pool, public transit and robust power and water services. Enabling industrial growth within the city is complementary to future industrial market moves, including the rail-served focus of Prairie Economic Gateway. Focusing on subsectors such as agribusiness, transportation and logistics, and aerospace that value airport access focuses industrial development to advantageous locations in the city.
- **Enable Strategic Land Use Conversions:** Enabling development in locations where it makes sense to do so, while ensuring a long-term supply of vacant industrial land. At present, over 700 hectares of land are proposed for conversion to residential and mixed use that could result in over 14,000 new homes.
- **Improve Cost Attractiveness:** Currently, costs to develop and operate industrial within Calgary are higher compared to adjacent municipalities, creating a barrier to industrial land development. Developing financial tools to incentivize development can help close this gap.

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The actions to achieve these outcomes are outlined in the proposed Industrial Action Plan in Attachment 2.

If The City were to effectively implement the actions outlined in the Industrial Action Plan and provide funding to incentivize, for example, 100 hectares of industrial over the next two years, it is expected that development could materialize by 2031 and bring 2,400 jobs to Calgary, add \$540 million in Gross Domestic Product, and generate \$63.6 million from off-site levy contributions and \$13.5 million of accumulated property tax revenue. This is on top of the \$7B in economic output and 30,000+ jobs anticipated for Prairie Economic Gateway over its build out.

By catalyzing greater industrial development in strategic locations while facilitating strategic land use conversions, this approach will help build a city that includes a healthy industrial market, within a thriving regional economy.

Attachment 3 provides a progress update on the 2023 Industrial Action Plan, including the modernization of existing industrial Area Structure Plan policies and quantifying the business environment of industrial development in the region.

### **EXTERNAL ENGAGEMENT AND COMMUNICATION**

- |  |   |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken        | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required        |

The state of industrial development and the proposed actions in this report were discussed with the Industrial Strategy Working Group, consisting of members from development associations (BILD Calgary Region and NAIOP), industrial developers, Calgary Economic Development, consultants, industrial brokers and the Calgary Airport Authority.

The challenges of the industrial sector have been highlighted through working group discussions ongoing since 2016. There was general agreement on the desire to support Calgary's stagnating industrial sector.

For some time, working group members have been advocating for City-led action that includes financial incentives to stimulate development. Pressures on land economics and interest in residential/mixed use conversions have increased the urgency for action and helped define a path forward.

### **IMPLICATIONS**

#### **Social**

A healthy and growing industrial sector increases well-paying, accessible employment opportunities in different areas of the city, including those adjacent to residential areas. This supports the outcomes of [Council's Social Wellbeing Policy](#).

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### **Environmental**

Industrial opportunities and jobs within City limits helps advance the goals of the [Climate Resilience Strategy](#) by locating jobs close to employees, which reduces greenhouse gas emissions on a relative basis.

### **Economic**

Part 3.7 of the Municipal Development Plan states that “Industrial areas contribute to a strong and prosperous economy for Calgary and should be maintained as a major economic driver for the city”. The industrial sector is positioned to support the diversification of Calgary’s economy, grow the non-residential tax base, and provide well-paying jobs to a growing population.

### **Service and Financial Implications**

#### **No anticipated financial impact**

Specific Action Plan items around incentives and capital infrastructure will require significant investment. If the Industrial Action Plan is implemented, investments will be brought forward through the 2025 November Adjustments and proposed through future Service Plan and Budget cycles.

### **RISK**

There are several risks associated with this work:

1. **Loss of Investment:** Without City-led action, the opportunity to attract businesses well-suited to Calgary’s urban setting will be lost along with associated jobs and revenue. There is also a reputational risk of being unattractive to investment and a city building risk of significant vacant land within the city.
2. **Balancing Residential and Non-Residential uses:** Housing adjacent to industrial areas can be incompatible at times. Converting planned industrial to residential and mixed use areas requires redoing local area plans and servicing strategies. Any increases in housing will add demand for additional school sites.
3. **Funding for School Sites:** Industrial land cash-in-lieu contributions related to Municipal Reserve dedication are an important funding source for school site purchases. A funding gap exists in the Joint Use Fund due to increased school site purchase needs related to growth. Additional funding sources would ensure sufficient funding for school sites.
4. **Tax Rate Ratio Limit:** Without City-led action, a lack of industrial development and the loss of future industrial supply could push Calgary’s tax rate ratio closer to the 5:1 legislated limit (currently at 4.64:1). Supporting an active industrial market expands the non-residential base and reduces the pressure on the tax rate ratio.
5. **Ineffective Incentive:** The impact of an incentive program will be continuously monitored. If the incentive is too small, or if other jurisdictions lower their own costs to sustain an economic edge, the desired goals will not occur.

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**ATTACHMENT(S)**

1. Background and Previous Council Direction
2. Proposed Industrial Action Plan
3. Progress Update on the 2023 Industrial Action Plan
4. Presentation
5. Public Submission

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Debra Hamilton	Planning & Development Services	Approve
Les Tochor	Corporate Planning & Financial Services	Inform
Michael Thompson	Infrastructure Services	Inform

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