

# The Case for Alberta's Industrial Future

U.S.-Israel War, Stock Market Volatility & Streamlined Federal Project Approvals: The Case for Owning Industrial Real Estate in Alberta

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**Domenic Mandato**

President & CEO, InvestPlus REIT

InvestPlus Industrial REIT — Calgary, Alberta

[www.investplusreit.com](http://www.investplusreit.com)



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## SECTION 01

# Abstract

Alberta stands out as one of Canada's most compelling markets for industrial real estate investment in 2026. A pro-business provincial government, combined with a groundbreaking new federal-provincial agreement to accelerate major project approvals and an aggressive strategy to attract \$100 billion in AI data centre investment, is creating powerful tailwinds. Industrial vacancy rates are tightening (Calgary at 3.99% as of Q4 2025), absorption remains robust, and data centres are poised to drive unprecedented demand for large-scale sites, power infrastructure, and supporting logistics facilities. Amid heightened global stock market volatility—driven by economic uncertainty and the ongoing U.S.–Israel war with Iran that began in late February 2026—industrial real estate offers attractive diversification benefits due to its historically low correlation with equities. A direct comparison with the rest of Canada shows Alberta trailing in existing data centre stock but surging ahead in announced hyperscale pipeline capacity, reinforcing its leadership in new industrial demand. This paper outlines the structural advantages, quantifies current market fundamentals, and presents a clear investment thesis while acknowledging key risks.

## SECTION 02

# Introduction

Alberta's economy is built on energy, innovation, and pragmatism. Industrial real estate—encompassing warehouses, manufacturing facilities, distribution centres, and specialized sites for data centres—benefits directly from abundant low-cost land, reliable energy, a skilled workforce, and policy momentum. Population growth, interprovincial migration, and diversification beyond traditional oil and gas are sustaining demand. The confluence of three key factors now elevates the opportunity: a demonstrably pro-business provincial government, a new "one project, one review" agreement with Ottawa signed in principle on March 6, 2026, and a deliberate push to position Alberta as North America's premier destination for AI data centres. Adding to this appeal is the asset class's low correlation to public equities, providing a hedge against the current elevated stock market volatility stemming from geopolitical tensions in the Middle East and broader economic uncertainty.

## SECTION 03

## Pro-Business Government Environment

Alberta's United Conservative Party government has consistently prioritized economic growth through low taxes, red-tape reduction, and investor-friendly policies. The province maintains Canada's lowest corporate income tax rate and no provincial sales tax, delivering a clear cost advantage over Ontario, British Columbia, and Quebec. Recent initiatives include streamlined regulatory pathways, an AI Data Centre Concierge Program, and legislation (including Bill 8) that enables data centres to self-generate power and access a new levy deductible from corporate taxes.

Premier Smith's administration has earned national recognition for cutting red tape and creating the most competitive business climate in Canada. These policies translate directly into faster permitting, lower operating costs, and higher net operating income (NOI) for industrial property owners. Investors benefit from predictable policy direction that favours resource development, manufacturing, and technology infrastructure—sectors that all require industrial-zoned land and facilities.

## SECTION 04

## New Agreement with the Federal Government to Accelerate Project Approvals

On March 6, 2026, Prime Minister Mark Carney and Premier Danielle Smith announced an agreement-in-principle on a Cooperation Agreement on Environmental and Impact Assessment. This delivers the long-promised "one project, one review" approach for major infrastructure in Alberta.

Key features include:

- Elimination of duplicative federal and provincial reviews for projects within Alberta's jurisdiction.
- Removal of federal oversight on purely provincial matters, allowing Alberta's processes to prevail.
- A streamlined assessment that maintains environmental protections and Indigenous consultation while targeting faster timelines.
- Public consultation open until March 27, 2026, with the goal of finalizing the agreement rapidly.

This builds directly on the November 2025 Canada-Alberta Memorandum of Understanding on energy collaboration. Premier Smith stated it will mean "Alberta projects approved faster, and shovels in the ground sooner." Prime Minister Carney emphasized building "big and build fast" to strengthen the economy. For industrial real estate developers and owners, the implications are profound: power-generation projects, transmission lines, pipelines, and large-scale industrial parks required by data centres and manufacturing will move forward with dramatically reduced uncertainty and timelines.

These de-risks land acquisition and infrastructure development, supporting higher valuations and faster lease-up.

## SECTION 05

# Alberta's Strategic Push to Become an AI Data Centre Powerhouse

Alberta's Artificial Intelligence Data Centres Strategy, launched in 2024 and now accelerating, aims to leverage the province's abundant natural gas, cold climate for free cooling, water resources, and renewable potential to attract massive investment. The province is targeting \$100 billion in private data centre investment over the coming years and has dozens of projects in various stages of proposal or development.

Recent catalysts include:

- Legislation allowing self-powered data centres and tax incentives (the new levy is deductible from corporate income tax).
- High-profile announcements, such as the \$10 billion Synapse Data Centre project and Swiss-backed Data District proposals potentially worth up to \$12.8 billion.
- Integration into the federal-provincial MOU, which explicitly supports data centre incentives and power generation.

Data centres are industrial real estate. They require large, power-secure land parcels (often 100+ acres), specialized buildings, and supporting infrastructure. Each gigawatt-scale campus generates demand for adjacent warehousing, maintenance facilities, and logistics space. The cold climate and access to natural gas for on-site generation give Alberta a structural edge over hotter, power-constrained markets in the U.S. and Central Canada. Municipalities such as Olds and communities near natural gas resources are actively marketing sites, viewing data centres as the "second coming of oil."

SECTION 06

# How Does Alberta Fare Against the Rest of the Country?

Canada's data centre sector is experiencing explosive growth, but the provincial distribution tells two very different stories: legacy strength in Central and Eastern Canada versus explosive new-build momentum in Alberta.

Nationwide, there are approximately 239 operational data centres, with Alberta home to just 22 (roughly 9%). Ontario and Quebec together command the lion's share of existing capacity and market activity, benefiting from established hubs in Toronto, Montreal, and Quebec City, plus hydro-powered economics. British Columbia ranks third in current footprint.

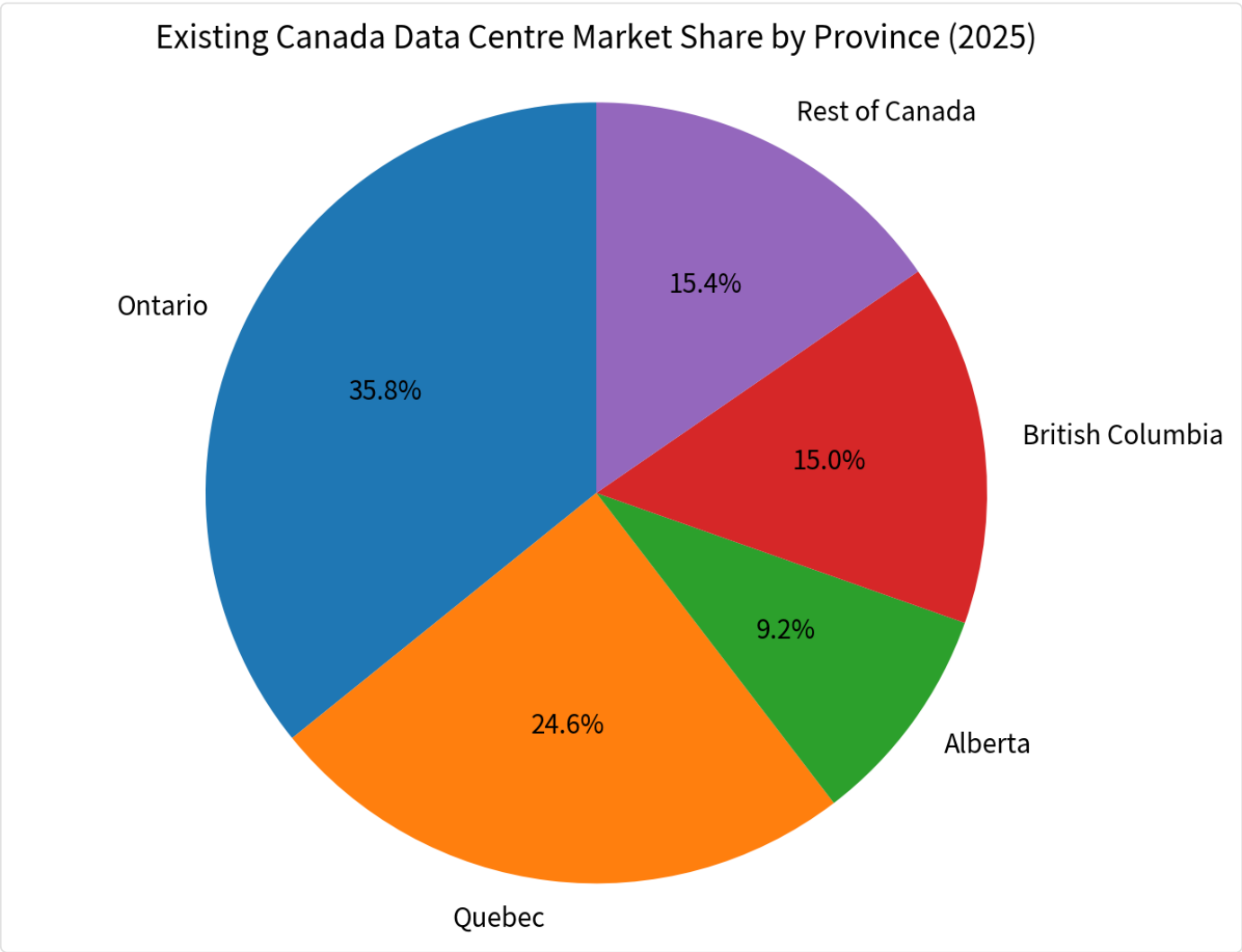


Figure 1: Existing Canada Data Centre Market Share by Province (2025)

However, the forward-looking picture flips dramatically. Alberta is now leading the country in announced hyperscale and AI-driven pipeline capacity. Major projects include the 5.6 GW Wonder Valley campus, the 1 GW Synapse development in Olds, Beacon AI's 1.8 GW plans, the Data District's 1 GW vision, and TransAlta's up-to-1

GW partnership west of Edmonton — pushing Alberta's near-term pipeline well into double-digit gigawatts. Ontario has strong interest (up to 6,500 MW proposed), but grid constraints and permitting timelines are more challenging. Quebec's pipeline exceeds 600 MW but faces rising electricity rates for large loads, while British Columbia deprioritizes data centres in favour of traditional industries in power allocation. Overall, Ontario and Alberta together account for roughly 26 GW of Canada's long-term planned capacity — with Alberta capturing the clearest policy-driven acceleration.

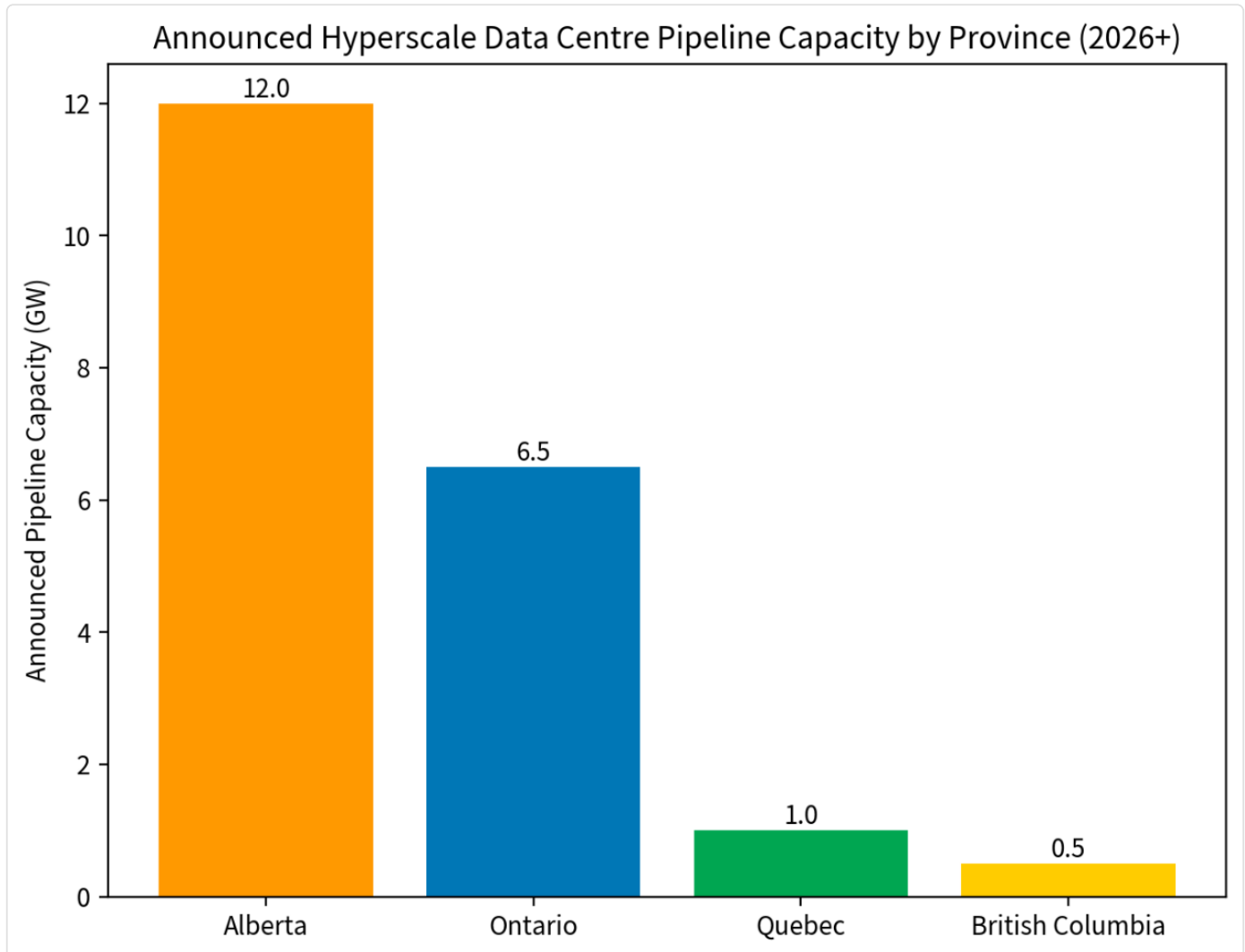


Figure 2: Announced Hyperscale Data Centre Pipeline Capacity by Province (2026+)

This disparity creates a powerful tailwind for Alberta industrial real estate. Every new gigawatt-scale data centre campus requires supporting logistics, warehousing, maintenance facilities, and power infrastructure — all industrial product types. Alberta's combination of self-generation legislation, lower land costs, and faster approvals (further enhanced by the March 2026 federal agreement) gives it a decisive edge over power-constrained or higher-cost jurisdictions elsewhere in Canada. The result: faster absorption, stronger rent growth, and higher valuations for industrial assets in Calgary, Edmonton, Olds, Balzac, and emerging corridors in Alberta.

## SECTION 07

## Low Correlation to Stock Market Volatility

In the current environment of heightened stock market volatility—exacerbated by ongoing economic uncertainty and the U.S.-Israel war with Iran that erupted on February 28, 2026, involving airstrikes, ship attacks in the Strait of Hormuz, and disruptions to global energy flows—industrial real estate stands out as a diversification tool. Private commercial real estate, including industrial properties, has historically exhibited low correlation with public equities. Unlike stocks, which react sharply to geopolitical events, sentiment shifts, and macroeconomic headlines, private real estate derives returns primarily from stable rental income tied to long-term leases and tangible asset value.

Industry analyses consistently highlight that private commercial real estate offers lower volatility (e.g., standard deviation around 7–8% historically versus 15–20% for equities) and acts as a hedge against equity market fluctuations. Adding real estate to a portfolio of stocks and bonds has historically improved risk-adjusted returns by reducing overall portfolio volatility while maintaining or enhancing performance. In Alberta's context, where industrial demand is driven by structural factors like data centre growth, energy infrastructure, and logistics—rather than short-term market sentiment—this low-correlation benefit is particularly pronounced. Amid the 2026 Iran conflict's impact on oil prices, shipping routes, and investor confidence, industrial assets in Alberta provide relative stability and income predictability, shielding portfolios from equity-driven drawdowns.

## SECTION 08

# Outlook for Industrial Real Estate Market

Current data confirm a tightening market with strong investor momentum. In Calgary (the province's largest industrial hub), Q4 2025 metrics from Avison Young show:

- Total inventory: 173.3 million sq. ft.
- Overall vacancy rate: 3.99% (down 0.71 percentage points quarter-over-quarter).
- Availability rate: 5.52% (down 0.3 percentage points).
- Annual absorption: 3.3 million sq. ft. in 2025, with the strongest quarter since Q3 2022.
- Average asking rent: \$11.63 per sq. ft. (stable year-over-year).
- Under construction: 3.43 million sq. ft., with 2.5 million sq. ft. already preleased.

Sublease space has risen modestly (1.03% sublease vacancy), but overall supply discipline and federal productivity incentives (100% immediate expensing for manufacturing buildings) point to further tightening. Edmonton mirrors these trends with positive absorption, declining vacancy, and record commercial investment volume of \$3.3 billion in 2025.

National forecasts for 2026 from CBRE and others project Canadian industrial availability rates plateauing around 5.5%, with Alberta outperforming due to lower construction costs, affordable land, and the data centre catalyst. Rents are expected to stabilize or modestly increase as speculative development remains muted. Investment sales activity rose in 2025, with notable transactions in Calgary's Northeast and Southeast submarkets. Cap rates remain attractive relative to coastal markets, offering investors healthy yields supported by long-term leases from creditworthy tenants (including data centre operators and manufacturers).

## SECTION 09

# The Investment Thesis

The case is compelling on multiple fronts:

- **Policy Tailwinds:** Lower regulatory risk and faster approvals shorten development cycles and reduce holding costs.
- **Demand Catalyst:** Data centres will consume industrial land at scale while spurring ancillary logistics and manufacturing demand.
- **Supply Discipline:** Limited speculative construction + strong pre-leasing = tightening fundamentals and rent growth potential.
- **Economic Diversification:** Alberta's GDP growth is forecast near 2.5% in 2026—nearly double the national average—driven by energy, tech, and manufacturing.
- **Affordability Advantage:** Lower land and operating costs versus Toronto or Vancouver deliver superior cash-on-cash returns.
- **Diversification and Stability:** Low correlation to equities provides a hedge against current stock market volatility tied to economic uncertainty and the Iran conflict.
- **Provincial Leadership in New Supply:** Alberta's dominance of Canada's hyperscale pipeline translates into sustained, high-quality industrial demand unmatched elsewhere in the country.

Institutional and private investors have several strong avenues in Alberta's industrial real estate sector. They can pursue core industrial assets for reliable and stable net operating income (NOI), value-add plays on land adjacent to data centres, or pre-zoned development sites primed for power-intensive applications.

An alternate approach involves targeting industrial properties such as supply chain warehouses that support the materials, equipment, and logistics essential for constructing and operating data centres. This strategy shines when these assets are situated in larger, liquid markets that offer strong exit opportunities for future sales. This aligns closely with the InvestPlus REIT playbook, which focuses on acquiring quality industrial properties across Western Canada (with a strong Alberta emphasis), enhancing their performance, and unlocking long-term value.

Another viable strategy focuses on industrial properties—such as supply chain warehouses—that support the logistics, materials, and equipment needed for data centre construction and operations. This approach can be particularly effective when the assets are located in larger, more liquid markets that support strong potential for future sales or exits.

This aligns with the general approach taken by InvestPlus REIT, focused on acquiring and managing income-producing industrial properties across Canada (with an emphasis on Alberta).

## SECTION 10

## Risks & Mitigation Strategies

Discussing these opportunities wouldn't be thorough if we didn't acknowledge the risks and how they are being addressed. Risks include electricity grid constraints (mitigated by self-generation legislation), global AI investment cycles, commodity price volatility amplified by Middle East conflict, and potential escalation in the Iran war affecting energy markets. Environmental and Indigenous consultation requirements remain, though the new agreement streamlines them. Mitigation strategies include focusing on sites with existing power access or self-generation capability, securing long-term power purchase agreements, and partnering with experienced local developers. Diversification across submarkets (Calgary Southeast, Balzac, Edmonton industrial corridors) and tenant types further reduces exposure.

A balanced discussion of opportunities in Alberta's industrial real estate market—particularly those tied to the data centre boom—requires acknowledging key risks alongside the potential rewards.

**Electricity grid constraints** represent a primary concern, given the massive power demands of large-scale data centres and the existing grid's limited capacity for such loads without risking reliability or affordability for other users. Alberta has addressed this through recent legislation, notably the Utilities Statutes Amendment Act, 2025 (Bill 8, enacted in December 2025), which promotes a "bring your own generation" (or "bring your own power") model. This framework encourages data centre developers to secure their own generation sources—often through direct agreements with generators or on-site/self-supply arrangements—prioritizing such projects in connection processes and shifting the cost of necessary transmission upgrades to the proponents rather than ratepayers. Complementary measures, like levies under the Financial Statutes Amendment Act, 2025 (Bill 12, effective end-2026), apply primarily to grid-reliant large facilities (75 MW+), with reduced rates for those incorporating self-generation or new capacity additions. These policies aim to mitigate grid strain while enabling growth.

**Global AI investment cycles** introduce cyclical risk, as hype around artificial intelligence could lead to fluctuations in capital deployment, project timelines, or demand for supporting infrastructure. This remains inherent to emerging tech sectors, with no direct provincial mitigation beyond Alberta's broader pro-business stance and efforts to position the province as a competitive hub.

**Commodity price volatility**, particularly in energy markets, can be amplified by geopolitical events such as Middle East conflicts or potential escalation involving Iran. Alberta's reliance on natural gas for much of its power generation (and the emphasis on gas-fired self-supply in some proposals) exposes projects to these swings. Strategies to counter this include diversifying energy sourcing where feasible and leveraging the province's deregulated market for negotiated, long-term power arrangements.

**Environmental and Indigenous consultation requirements** persist as important considerations for development approvals, land use, and water/resource access. Recent federal-provincial alignment, including the Canada-Alberta Memorandum of Understanding (signed late 2025), emphasizes streamlined processes, reduced duplication in approvals (targeting maximum two-year timelines for major projects), and meaningful Indigenous engagement with opportunities for economic participation. While not eliminating requirements, these efforts aim to make consultations more efficient and collaborative.

To manage these risks in practice, investors and developers often prioritize:

- Sites with existing power infrastructure access or proven self-generation potential.
- Long-term power purchase agreements (PPAs) or direct generation partnerships for cost and supply certainty.
- Collaborations with experienced local developers familiar with Alberta's regulatory landscape.

Portfolio-level approaches further help, such as geographic diversification across submarkets (e.g., Calgary Southeast, Balzac, Edmonton industrial corridors, Saskatoon, Regina) and tenant mixes (beyond pure data centre support to include broader logistics and industrial uses). This reduces concentration exposure to any single project delay, sector slowdown, or localized issue.

Overall, while these risks are material—especially in a fast-evolving space like AI infrastructure—Alberta's policy responses, regulatory adaptations, and inherent advantages (abundant land, climate, energy resources) have been structured to make the province more resilient and attractive compared to jurisdictions facing similar pressures without comparable mitigations. As of early 2026, the sector shows continued momentum underscoring the importance of disciplined site selection and risk-aware strategies for sustained performance through 2030.

## SECTION 11

## Conclusion

Alberta's industrial real estate market in 2026 offers a rare alignment of political will, regulatory certainty, transformative demand from the AI sector, strong diversification benefits amid stock market turbulence, and clear leadership over the rest of Canada in new data centre capacity. The pro-business government, the March 2026 federal-provincial "one project, one review" agreement, the \$100-billion data centre ambition, the asset class's low correlation to equities, and the accelerating pipeline of hyperscale projects are not aspirational—they are already translating into lower vacancy, rising absorption, heightened investor interest, and portfolio stability. For investors seeking growth, yield, policy-supported upside, and protection from equity volatility in Canadian real estate, Alberta industrial assets represent one of the strongest risk-adjusted opportunities available today. Those who act early—securing land, power, and entitlements—will be best positioned to capture the next wave of Western Canadian economic expansion.

## SECTION 12

## About the Author

**Domenic Mandato**

CEO, InvestPlus REIT

Domenic Mandato is the President and Chief Executive Officer of InvestPlus Real Estate Investment Trust (IP REIT), a private real estate investment fund headquartered in Calgary, Alberta, Canada. With over 20 years of expertise in real estate investment and entrepreneurship, Domenic specializes in acquiring, renovating, and enhancing the value of industrial and multi-unit properties across Canada. Under his leadership, InvestPlus REIT has grown into one of Canada's leading private REITs focused on industrial real estate, with assets under management exceeding \$113 million (as of recent reports) spanning properties in multiple cities across British Columbia, Alberta, and Saskatchewan. The REIT emphasizes growth-oriented strategies, delivering targeted annual returns of 7–12%, quarterly distributions, and strong tenant retention through operational excellence and value-add initiatives.

For more details, visit the official InvestPlus REIT website at [www.investplusreit.com](http://www.investplusreit.com) or connect with him on LinkedIn

## About InvestPlus REIT

InvestPlus Real Estate Investment Trust (IP REIT) is a Calgary-based private, growth-oriented REIT specializing in industrial properties across Western Canada (Alberta, Saskatchewan, British Columbia). The trust acquires, renovates, and manages warehouses, distribution centers, and flex industrial spaces to generate strong, resilient cash flows and capital appreciation.

IP REIT has delivered consistent performance, targeting annual total returns of 7–12% through quarterly distributions, rental growth, and value-add strategies. Past results have met or exceeded these targets, driven by high tenant retention, exposure to durable sectors (e-commerce, logistics, resources), and disciplined acquisitions in supply-constrained markets. Visit [www.investplusreit.com](http://www.investplusreit.com) for more commentaries and analysis on the latest industry news and developments. © InvestPlus REIT, 2026

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**PHONE**

(403) 663-8772

**EMAIL**

[info@investplusreit.com](mailto:info@investplusreit.com)

**WEBSITE**

[www.investplusreit.com](http://www.investplusreit.com)

**ADDRESS**

Suite 200, 4723 1st Street SW, Calgary, AB

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