

Thursday, February 17, 2011



Ted Jacob, Calgary Herald

Dan Harmsen, of Barclay Street Real Estate Ltd., which released a report saying that the vacancy rate fell from 16.3 per cent in Q4 2009 to 10 per cent in Q4 2010.

Beltline office space in demand

Increased activity in energy sector shrinks vacancy

MARIO TONEGUZZI
CALGARY HERALD

Demand for office space in the Beltline area strengthened throughout last year as the vacancy rate declined.

Vacancy decreased in the last quarter of 2010 for the fourth consecutive quarter in the popular area just outside the downtown, according to a report by **Barclay Street Real Estate** in Calgary.

The Beltline office vacancy rate fell from a peak of 16.3 per cent in the fourth quarter of 2009 to 10 per cent in the last quarter of 2010.

There was a positive absorption of 148,300 square feet of in the fourth

quarter.

Annual absorption reached a positive 437,400 square feet for 2010, which is a significant improvement from the negative 571,000 square feet of absorption experienced throughout 2009, said the report.

Paul McKay, associate with Barclay Street, said the positive leasing activity has been generated because of the increased activity in the energy sector in the province. And that is leading engineering firms and energy-related service companies to look for additional office space.

"From the second quarter of 2009 to the second quarter of 2010, the market bottomed out in the Beltline, but then picked up," said McKay.

Barclay Street is forecasting the vacancy rate in the Beltline to fall to eight per cent this year. Total inventory is just over 6.4 million square feet.

"You're going to see some groups — developers — contemplating new

construction in the next couple of years," said McKay.

The suburban office market has seen a similar trend with vacancy ending the 2010 year at 10.8 per cent, down from 15.7 per cent at the start of the year. The suburban office vacancy rate was 17 per cent in the fourth quarter of 2009.

Annual absorption in the market was 740,726 square feet. Total inventory in the market is just over 15.3 million square feet. The report forecasts the vacancy rate in 2011 to increase slightly to 10.9 per cent.

"For the last year, the train has been taking off. The train is starting to roll," said McKay of the suburban office market.

That was evident in the fourth quarter year-over-year comparisons. In 2010, absorption hit a positive 150,108 square feet, while in 2009 it was negative 364,300 square feet.