

Calgary's First Quarter Suburban & Beltline Office Landscape

Market Analysis **Calgary • Q1 2024**

Suburban

82.5% OVERALL OCCUPANCY RATE
(Total leased space)

17.5% OVERALL VACANCY RATE
(Space marketed for headlease only)

19.8% OVERALL AVAILABILITY
(Total amount of space available for headlease/sublease/sub-sublease/office-share, etc.)

WITHIN-CLASS

CLASS A **84.2%** OCCUPANCY
15.8% VACANCY
18.3% AVAILABILITY

CLASS B **75.6%** OCCUPANCY
24.4% VACANCY
25.8% AVAILABILITY

CLASS C **87.4%** OCCUPANCY
12.6% VACANCY
15.4% AVAILABILITY

Beltline

78.4% OVERALL OCCUPANCY RATE
(Total leased space)

21.6% OVERALL VACANCY RATE
(Space marketed for headlease only)

24.2% OVERALL AVAILABILITY
(Total amount of space available for headlease/sublease/sub-sublease/office-share, etc.)

WITHIN-CLASS

CLASS A **85.1%** OCCUPANCY
14.9% VACANCY
21% AVAILABILITY

CLASS B **72.3%** OCCUPANCY
27.7% VACANCY
28.2% AVAILABILITY

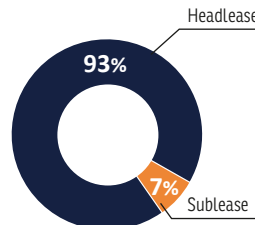
CLASS C **84.2%** OCCUPANCY
15.8% VACANCY
16.9% AVAILABILITY

CHARACTER **53%** OCCUPANCY
47% VACANCY
47% AVAILABILITY

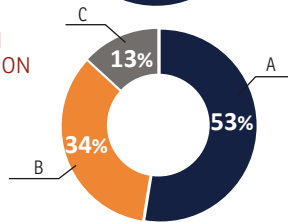
Overall availability – and particularly the vacant component – of Calgary's suburban office market decreased ever-so-slightly through the first quarter of 2024 due to approximately 45,000 square feet of positive absorption. We saw tenants making a substantial shift in mindset as the quarter progressed – opting for both good-sized spaces in the 5,000 sf – 10,000 sf range but also in their approach to choosing locations based on Landlord reputation and investment in their properties.

For several years, suburban tenants have been focused almost solely on small pockets of space and bargain-basement rates. We commented several years ago that cost-consciousness had become a – if not the – primary consideration for a

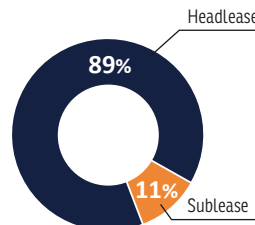
SUBURBAN HEADLEASE VS. SUBLEASE DISTRIBUTION



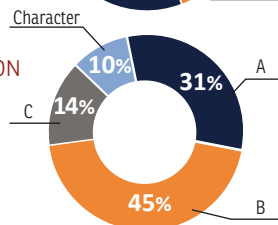
SUBURBAN DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



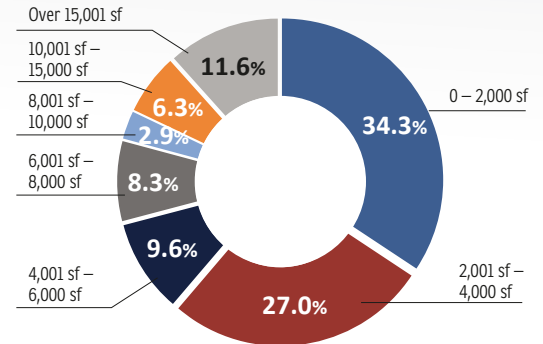
BELTLINE HEADLEASE VS. SUBLEASE DISTRIBUTION



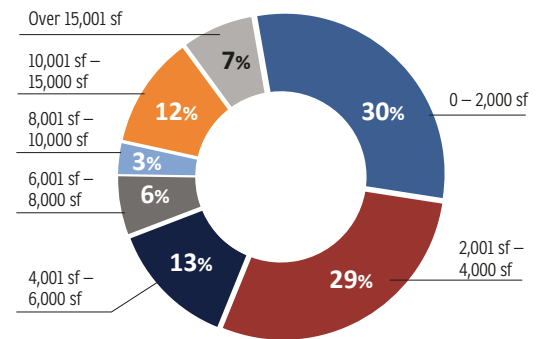
BELTLINE DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



SUBURBAN DISTRIBUTION OF OPTIONS BY SIZE RANGE



BELTLINE DISTRIBUTION OF OPTIONS BY SIZE RANGE



substantial portion of tenants actively reviewing their options. At the time, the Alberta economy was dealing with the effects of the oil price war between Saudi Arabia and the Western world, which had terrible repercussions for Calgary's oil & gas and engineering industries. Through the first quarter of 2024 however, we've noted a definite trend away from this mentality toward a desire to work with Landlords who've put money and care into their properties by way of upgrades and property management.

Many tenants have come to realize that the bargain-basement deals they'd sought pre-Covid haven't necessarily been such bargains when it came to maintenance and Landlord responsiveness. As such, we're seeing not so much a 'flight to quality' in the suburban markets, as a movement toward quality of management and substance of ownership. At present, the story of suburban office is one of polarization between the two above-noted tenant motivations.

A continuing theme in the Suburban markets however, is the desire among many small tenants to work close to home, which is being incentivized by growing

morning/afternoon traffic, construction and ever higher gas prices. An additional and quite new concern among Suburban tenants is increasing suburban lease and parking rates – especially close to major arteries – as a result of increased activity and deals. This is pushing some to look seriously at and consider Beltline options and lower net rates.

The story of the Beltline market through Q1 was considerably less dynamic than in the suburban markets, with overall availability decreasing by just a tenth of a percent due to a reduction in space marketed for sublease, sub-sublease, ect. in C-class and Character buildings.

The vacant portion of this market increased slightly due to additional space in B-class headlease space coming to market. Vacancy within A-class and C-class properties remained flat while some spaces were taken among this market's Character buildings.

In total, we calculated net positive absorption of just over 6,700 square feet in the Beltline during the first quarter of the year.

Opportunities by Building Class and Size

SUBURBAN OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

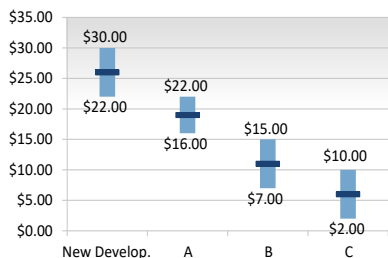
Size Range	HEADLEASE			SUBLEASE		
	A	B	C	A	B	C
0 – 2,000 sf	14	116	84	2	2	6
2,001 sf – 4,000 sf	42	71	48	9	2	2
4,001 sf – 6,000 sf	20	28	10	0	1	2
6,001 sf – 8,000 sf	18	18	12	1	4	1
8,001 sf – 10,000 sf	7	5	3	1	2	1
10,001 sf – 15,000 sf	14	16	4	5	2	0
15,001+	42	23	1	8	0	2
Overall	157	277	162	26	13	14

BELTLINE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

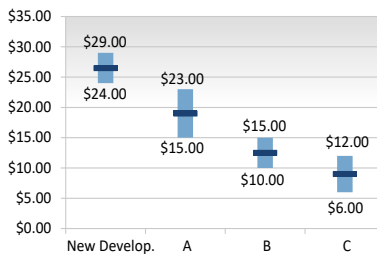
Size Range	HEADLEASE				SUBLEASE			
	A	B	C	Char	A	B	C	Char
0 – 2,000 sf	5	50	25	8	3	2	2	0
2,001 sf – 4,000 sf	9	45	18	12	5	1	0	0
4,001 sf – 6,000 sf	7	23	5	2	2	2	0	0
6,001 sf – 8,000 sf	6	10	0	2	0	0	1	0
8,001 sf – 10,000 sf	1	6	1	0	1	0	1	0
10,001 sf – 15,000 sf	7	18	1	3	7	0	0	0
15,001+	7	7	3	4	2	0	0	0
Overall	42	159	53	31	20	5	4	0

Average Asking Rates

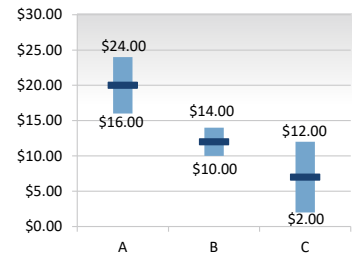
AVERAGE SUBURBAN NORTH ASKING RATES BY BUILDING CLASS



AVERAGE SUBURBAN SOUTH ASKING RATES BY BUILDING CLASS



AVERAGE BELTLINE ASKING RATES BY BUILDING CLASS



Vacancy by Building Class and Location

The following charts provide more detailed performance insight into the vacancy rates among specific building classes and the impact on the individual suburban and Beltline submarkets.

SUBURBAN NW VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	157,196 sf	1,330,882 sf	11.81%
B	130,045 sf	739,264 sf	17.59%
C	87,820 sf	385,321 sf	22.79%
Overall NW	375,061 sf	2,455,467 sf	13.33%

SUBURBAN NE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	351,553 sf	2,334,123 sf	15.06%
B	130,045 sf	2,291,563 sf	22.29%
C	196,540 sf	1,857,839 sf	10.58%
Overall NE	678,138 sf	6,483,525 sf	19.12%

SW VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	571,371 sf	2,603,539	21.95%
B	382,147 sf	473,978	80.63%
C	153,437 sf	792,591	19.36%
Overall SW	1,106,955 sf	3,870,108 sf	24.66%

SUBURBAN SE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	1,146,827 sf	5,887,238 sf	19.48%
B	429,478 sf	2,122,364 sf	20.24%
C	120,066 sf	577,549 sf	20.79%
Overall SE	1,696,371 sf	8,587,151 sf	24.02%

BELTLINE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	571,872 sf	2,724,143 sf	20.99%
B	818,384 sf	2,905,475 sf	28.17%
C	261,256 sf	1,544,741 sf	16.91%
Character	175,147 sf	372,505 sf	47.02%
Overall Beltline	1,826,659 sf	7,546,864 sf	24.20%

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