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Second Quarter Decrease in Beltline Vacancy while Sublease Space Increases

CALGARY AB, CANADA (July 28, 2014) – Barclay Street Real Estate saw a decrease in Second Quarter vacancy for the Beltline market, decreasing to 8.34 percent from 9.28 percent at the end of Q1 2014. The amount of available vacancy in the Beltline, across all classes, measures approximately 604,910 sf, 50 percent of which is B class.

While overall vacancy has decreased, the Beltline is still seeing significant pockets of space that remain vacant, with little fluctuation. These areas remain vacant because deferred maintenance of common areas are often overlooked by landlords, reflecting a decrease in quality. Thus, lower demand for these pockets remains stable.

Yet, while there is a specific pocket with this deferred maintenance, other market leaders, such as Allied Real Estate, are aggressively increasing tenant improvement allowances, seeing a higher absorption of office space in their buildings. With these improvements across the Beltline market, there is a trend of increased operating costs across all classes.

In addition, subleases have seen an eight percent increase in Q2, now accounting for 44 percent of space, with headlease now at 56 percent indicating that there is a growing interest in subleasing a space rather than leasing directly. However, with this increase in subleasing, rental rates themselves have remained, and are expected to remain, stable.

Moving into Third Quarter for 2014, you can expect to see neutral rental rates as overall demand in the beltline remains stable.

To gain an in-depth understanding of Barclay Street's Second Quarter Beltline Market Review, please visit: <http://www.barclaystreet.com/research>.

About Barclay Street Real Estate Ltd.

Founded and operating in Alberta, Barclay Street Real Estate Ltd. ('Barclay Street') is a full-service commercial real estate brokerage and property management firm with offices in Calgary and Edmonton. Over the past 40 years, our team has guided clients in making sound business decisions by providing unique insights into the local market, along with factually accurate information. Committed to always providing unparalleled professional service, we take pride in our tradition of offering you proactive solutions and results. Today, we continue to commit ourselves to bring professionalism, expert negotiating skills, superior market knowledge, and hard work to all our relationships.

For more information on Barclay Street Real Estate, please visit www.barclaystreet.com.