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Persistent Vacancies Offer Tenants Enticing Opportunities

Landlords are working to generate positive market absorption with flexible and competitive rental incentives for tenants.

CALGARY AB, CANADA (October 20, 2014) – The Calgary Beltline market continues to remain balanced despite an increase in overall vacancy rates from Q2 - up to 9.86 percent from 8.34 percent - with total vacancy now measuring approximately 715,252 square feet (sf) across all building classes. As a result of declining oil prices and global GDP growth rates, Barclay Street Real Estate forecasts that there will now be a slight increase in vacancy for the balance of the year, resulting in a mild downward pressure in rental rates.

What this means for the Beltline is tenants will most likely remain in their current office locations for the foreseeable future. "The lack of positive absorption in the market indicates tenants are not motivated to vacate their current spaces when their leases are coming due. This has been attributed to the high relocation costs that tenants are simply not willing to incur to move. As a result, tenants are renewing leases in their existing spaces," highlights Dan Harmsen, Vice President of Barclay Street. "To entice tenants, landlords with persistent vacancies are offering increased financial incentives, such as higher improvement allowances, moving allowances, and free rent and cash inducements."

"These incentives offer tenants a unique opportunity to capitalize on prime Beltline office space and relocate to spaces that previously may not have been an option," continues Harmsen. "Of note is that these incentives are not isolated to one building class. In fact, landlords are providing them across all classes - A, B, and C. With 63% of vacancies measuring under the 6,000 sf size, it's a exceptional position for tenants to be in."

While tenants are in a distinct position for growing opportunities, Barclay Street forecasts that the Beltline market will remain balanced for the rest of 2014, maintaining a slight downward pressure to market rental rates.

For more information about Barclay Street's Third 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.

