

Calgary's First Quarter Downtown Office Landscape

Market Analysis Q1 2025

QUARTERLY STATS - Q1 2025

Overall

79.3% -1.4% OCCUPANCY RATE
Total leased space (33,419,883 sf)

20.7% +1.4% VACANCY RATE
Space marketed for headlease only (8,707,842 sf)

24.7% NO CHANGE AVAILABILITY
Total amount of space available for headlease/sublease/sub-sublease/office-share, etc. (10,397,872 sf)

Within-class

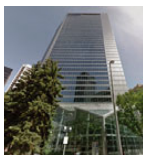
CLASS AA **91.7%** -1.3% OCCUPANCY
8.3% +1.3% VACANCY
13.6% -1.6% AVAILABILITY

CLASS A **77.2%** -1.9% OCCUPANCY
22.8% +1.9% VACANCY
27.3% +1.3% AVAILABILITY

CLASS B **68%** -0.2% OCCUPANCY
32% +0.2% VACANCY
33.7% -0.2% AVAILABILITY

CLASS C **78.3%** +4.3% OCCUPANCY
21.7% -4.3% VACANCY
22.8% -4.2% AVAILABILITY

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



University of Calgary leased approx. 151,000 sf of expansion space in the newly renovated 801 7th, formerly the Nexen building.

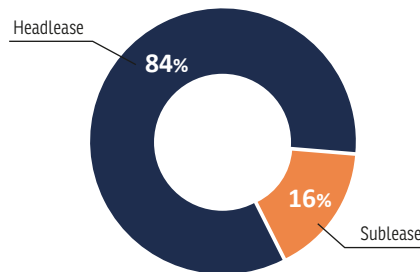


Bonterra Energy leased approx. 22,000 sf, they will move from 1015 Fourth to Downtown's Penn West Plaza.

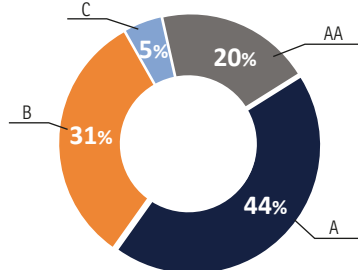
Kicking off the first quarter of 2025, Calgary's Downtown office market was marked by changes through ongoing revitalization projects. Market statistics showed that the overall vacancy has increased this quarter. A deeper dive into the available spaces in Downtown shows the greatest occupancy changes occurred in C class spaces. Occupancy increases from 74% last quarter to over 78% to start off this year. This is likely due to the reduction in available C class spaces as more buildings become slated for conversion.

This quarter has been underscored by macroeconomic events and rumblings from our Southern neighbors, causing some uncertainty in the minds of Canadians. This has caused some clients to delay their leasing decisions until more information is available. Despite this, leases continue to be signed, and tenants continue to search for spaces.

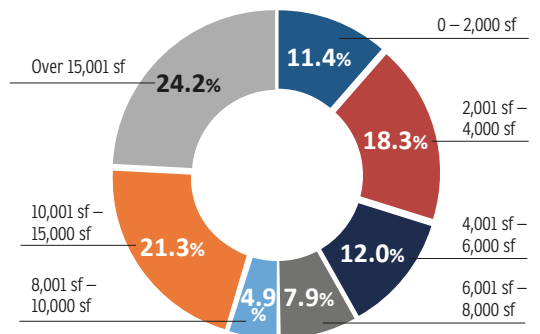
HEADLEASE VS. SUBLEASE DISTRIBUTION OF TOTAL AVAILABLE SPACE



DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



DISTRIBUTION OF OPTIONS BY SIZE RANGE



Calgary's dependence on crude oil and natural gas exports to the USA could have an impact on Downtown occupancy rates, as oil and gas companies make decisions on how to safeguard Canadian operations against macroeconomic threats. This segment saw a big development with the Veren, Whitecap strategic combination announcement. With both companies occupying different floors in Eighth Avenue Place, we will continue to monitor resulting leasing movements.

Revitalization Updates

Meanwhile, efforts to revitalize and refresh Downtown continue with a

goal to remove six million square feet of vacant office space by 2031. Applications for the DDIP (Downtown Development Incentive Program) program are now closed, with applicants soon to hear the status of their applications.

Currently the City has confirmed a total of 11 ongoing or future office conversion projects which puts 1.57M square feet in the queue to become more than 1400 houses and 200 new hotel suites by the end of 2026. This redevelopment is also supported by end-of-life demolition programs, and post-secondary education grants designed to convert offices for educational uses. Most recently, The HAT at Eau Claire Place opened its doors to 87 new residential tenants. Looking ahead, more than 330 new residents are set to move into Eau Claire Residences in the summer. Supporting new Life Downtown is the first No Frills on the corner of 9 Avenue SW and 11 Street SW which had its grand opening on March 13th. These projects

together put downward pressure on available Downtown office spaces. Their combined reviving efforts are predicted to bring much needed new life to the Downtown office space.

Construction continues across Downtown to revitalize and modernize existing spaces. 801 7th, formerly the Nexen building, has completed a renovation of its lower floors leading to the completion of leases on nine and a half floors. Of this space, ~151,000 square feet is leased to the University of Calgary as they expand from their current campus on the other side of 8th Street SW. Brookfield Properties is also investing with a renovation on the Suncor Energy Centre Building which is scheduled for completion in 2027. Downtown is renewing, and as a result leasing is predicted to heat up in this market.

Opportunities by Building Class and Size

HEADLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

Size Range	AA	A	B	C
0 – 2,000 sf	3	7	44	21
2,001 sf – 4,000 sf	5	31	93	36
4,001 sf – 6,000 sf	3	37	57	11
6,001 sf – 8,000 sf	6	22	28	11
8,001 sf – 10,000 sf	5	15	19	5
10,001 sf – 15,000 sf	5	88	88	11
15,001+	45	86	44	1
Overall	72	286	373	96

SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

Size Range	AA	A	B	C
0 – 2,000 sf	17	7	12	0
2,001 sf – 4,000 sf	4	4	4	1
4,001 sf – 6,000 sf	3	2	2	1
6,001 sf – 8,000 sf	2	3	4	2
8,001 sf – 10,000 sf	0	3	1	0
10,001 sf – 15,000 sf	5	2	6	0
15,001+	28	33	1	0
Overall	59	54	30	4

Inventory Updates and Forecasts

Downtown space to approximately 9.5M square feet. Palliser One remains in inventory for now, though its planned partial conversion leaves it unavailable for new leases. With Atrium I & II scheduled for conversion, tenants receiving notice at 510 5th Street SW, and other buildings emptying out to prepare for construction, a forward estimate of the B class inventory is around 8.5M square feet.

Both A and C class inventories are facing similar downward inventory pressure. Conversions as planned will reduce the A class inventory below 16M square feet, with C class moving below 2M square feet. Currently the A and C class buildings scheduled for conversion remain in our inventory. The market however, is already seeing the effects of these upcoming unavailable spaces, with tenants favoring spaces with longer term lease potential, pushing rates in A class spaces higher as available space tightens.

As the construction pipeline moves more buildings towards other uses, Barclay Street has adjusted their inventory to remove both Place 800 and Dominion Center. These B class spaces reduce the B class inventory in the

Distribution of Available Space



OVERALL AVAILABILITY BY LOCATION

CORE 28.6%↑ NORTH 13.5%↓ EAST 19.7%↓ SOUTH 17.6%↑ WEST 38.7%↓

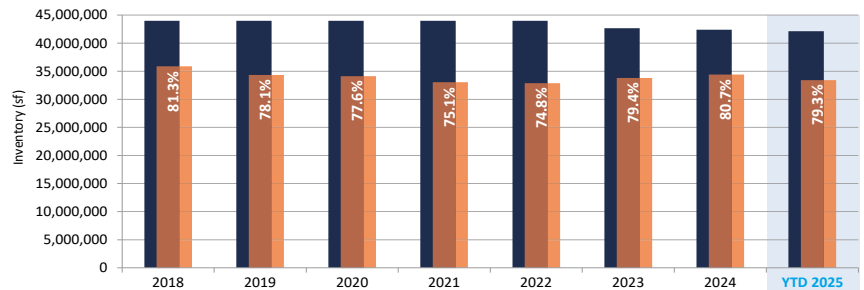
	Q1 2025	Q4 2024	Q3 2024
Total Available Space	24.7% (10,397,872 sf)	24.7% (10,453,822 sf)	24.3% (10,335,221 sf)
Vacancy	20.7% (8,707,842 sf)	19.3% (8,194,225 sf)	19.2% (8,209,826 sf)
Balance of Available Space	4.0% (1,690,030 sf)	5.4% (2,259,597 sf)	5.1% (2,125,395 sf)
Inventory	42,127,725 sf	42,399,873 sf	42,569,286 sf

Downtown Market Statistics

Changes in Occupancy

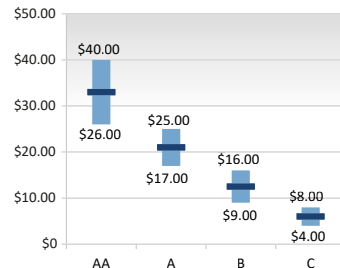
HISTORICAL ANNUAL OCCUPANCY & INVENTORY CHANGES

Inventory
Occupied Space

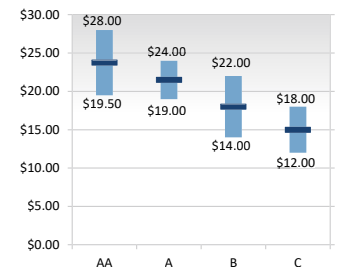


Average Costs

AVERAGE HEADLEASE RATES BY BUILDING CLASS



OPERATING COSTS BY BUILDING CLASS



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LOCAL EXPERTISE MATTERS