

Calgary's Third Quarter Beltline Office Landscape

Office Market Analysis **Calgary • Q3 2023**

24.03% OVERALL VACANCY RATE

20.8% CLASS A

28.2% CLASS B

16.3% CLASS C

47.7% CHARACTER

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



POD Marketing Inc. took approx. 20,000 sf of sublease space at Palliser South

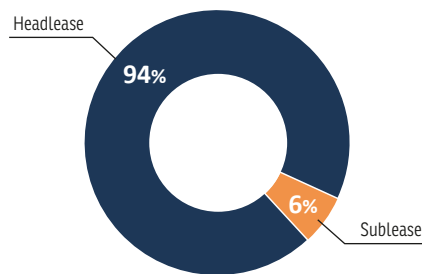


EZ Office leased approx. 13,000 sf at Hotel Arts Office Complex

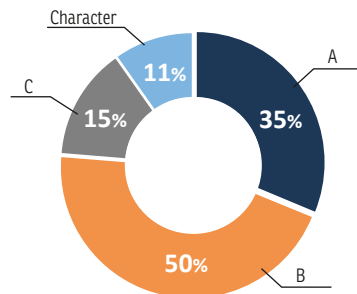
Vacancy in Calgary's Beltline office market decreased during the third quarter of 2023 on approximately 45,000 square feet of net absorption. This brought total occupied space in the Beltline to more than 6.2 million square feet (msf) or 76%.

As in the Downtown, tenants in the Beltline continued a multi-quarter trend of securing higher quality spaces. This movement has placed noticeable demand

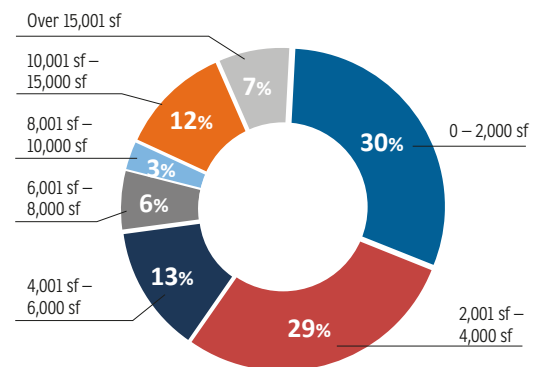
HEADLEASE VS. SUBLEASE DISTRIBUTION



DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



DISTRIBUTION OF OPTIONS BY SIZE RANGE



on spaces in A Class properties – particularly at the expense of C Class product. This flight to quality was responsible for the majority of the aforementioned positive absorption but as with the Downtown, the continued focus on 'moving up' in the Beltline has been putting upward pressure on A-Class lease rates.

For 2023, we've adjusted our Beltline inventory to include 'Character spaces' as a fourth classification in our catalogue. Character space is best described as leasable space within heritage buildings which often features open-ceilings and/or exposed beams & masonry. These buildings comprise just 5% of the overall Beltline inventory and are an important aspect of this submarket due to their history, architecture and unique spaces within.

New commercial construction in the Beltline continues but consists of multi-residential and retail product. No new office product has been introduced in this submarket since 2018 and we anticipate this will be the case for the foreseeable future.

Opportunities by Building Class and Size

Small pockets of space continued to comprise the bulk of Beltline availabilities. Pockets measuring 2,000 sf and less comprised more than 30% of opportunities while spaces measuring between 2,001 sf and 4,000 sf comprised nearly 29%. At the other end of the spectrum, just 3% of beltline options were medium-sized spaces measuring between 8,000 sf to 10,000 sf.

HEADLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

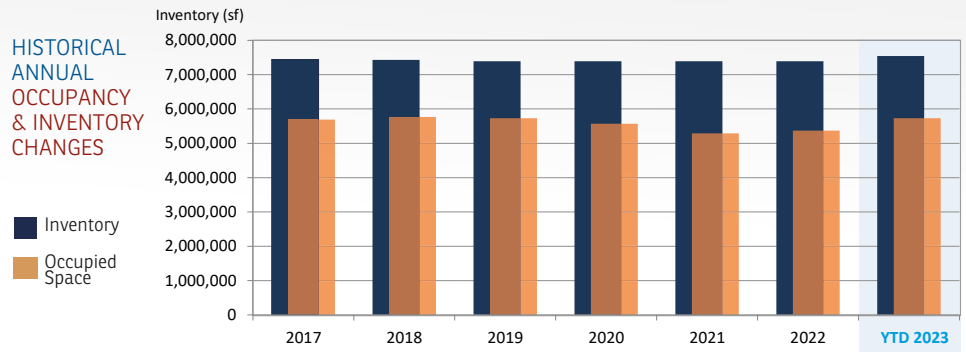
Size Range	A	B	C	Char.
0 – 2,000 sf	5	50	26	10
2,001 sf – 4,000 sf	13	45	18	12
4,001 sf – 6,000 sf	7	23	5	2
6,001 sf – 8,000 sf	6	10	0	2
8,001 sf – 10,000 sf	2	6	1	0
10,001 sf – 15,000 sf	11	18	1	3
15,001+	7	7	3	4
Overall	51	159	54	33

SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

Size Range	A	B	C	Char.
0 – 2,000 sf	1	2	0	0
2,001 sf – 4,000 sf	0	1	0	0
4,001 sf – 6,000 sf	2	2	0	0
6,001 sf – 8,000 sf	0	0	1	0
8,001 sf – 10,000 sf	0	0	0	0
10,001 sf – 15,000 sf	3	0	0	0
15,001+	2	0	0	0
Overall	8	5	1	0

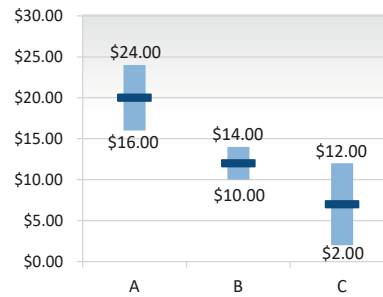
Changes in Occupancy

The following chart shows the changes in occupied space from 2017 through September 30th, 2023. The effect of the COVID-19 pandemic and subsequent recovery can be seen.

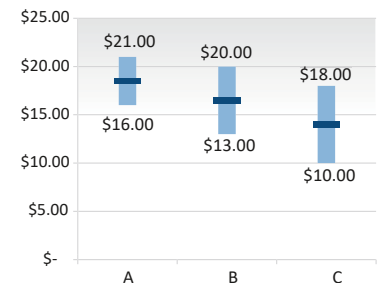


Average Costs

AVERAGE HEADLEASE RATES BY BUILDING CLASS



OPERATING COSTS BY BUILDING CLASS



Parking

	A Class	B Class	C Class	Overall
Average Parking Ratio (stall: sf)	1: 1,100 sf	1: 1,060 sf	1: 900 sf	1: 1,020 sf
Average Parking Rate	\$450	\$375	\$300	\$375

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