

Calgary's Third Quarter Suburban & Beltline Office Landscape

Market Analysis Q3 2024

Suburban

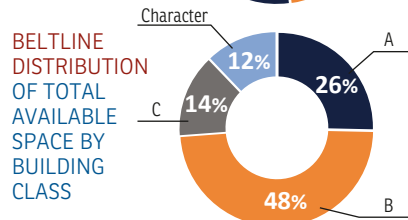
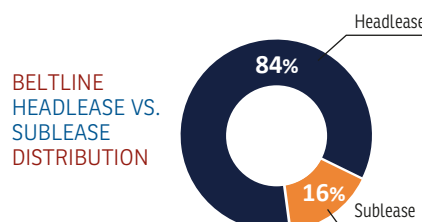
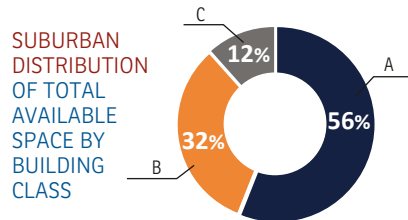
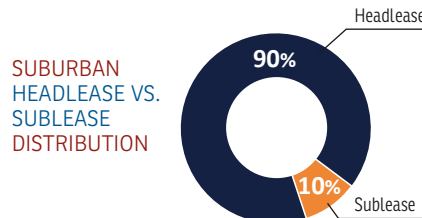
82.7% ↑	OVERALL OCCUPANCY RATE (Total leased space)
17.3% ↓	OVERALL VACANCY RATE (Space marketed for headlease only)
19.3% ↓	OVERALL AVAILABILITY (Total amount of space avail. for headlease/sublease/sub-sublease/office-share, etc.)
WITHIN-CLASS	
CLASS A	83.5% ↑ OCCUPANCY 16.5% ↓ VACANCY 19% ↓ AVAILABILITY
CLASS B	77% ↑ OCCUPANCY 23% ↓ VACANCY 24.2% ↓ AVAILABILITY
CLASS C	85.4% ↑ OCCUPANCY 14.6% ↓ VACANCY 15.9% ↓ AVAILABILITY

Beltline

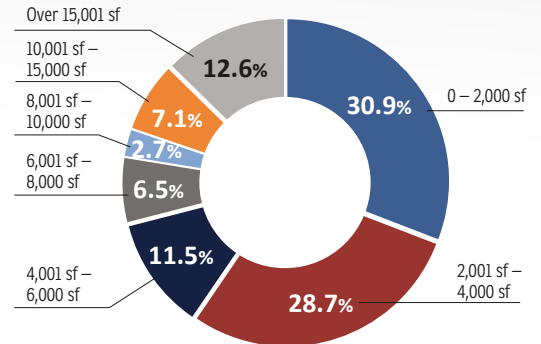
81.6% ↑	OVERALL OCCUPANCY RATE (Total leased space)
18.4% ↓	OVERALL VACANCY RATE (Space marketed for headlease only)
21.8% ↓	OVERALL AVAILABILITY (Total amount of space avail. for headlease/sublease/sub-sublease/office-share, etc.)
WITHIN-CLASS	
CLASS A	92.7% ↑ OCCUPANCY 7.3% ↓ VACANCY 15% ↓ AVAILABILITY
CLASS B	71.3% ↓ OCCUPANCY 28.7% ↑ VACANCY 29.4% ↑ AVAILABILITY
CLASS C	87.2% ↔ OCCUPANCY 12.8% ↔ VACANCY 13.9% ↓ AVAILABILITY
CHARACTER	49.5% ↑ OCCUPANCY 50.5% ↓ VACANCY 52.6% ↓ AVAILABILITY

Overall availability, as well as the vacant component, decreased in both the suburban and Beltline markets through the third quarter of 2024. Each market saw occupancy rise by approximately half a percent as each market posted notable positive absorption numbers; 147,000 square feet in the suburban markets and approximately 51,000 square feet in the Beltline.

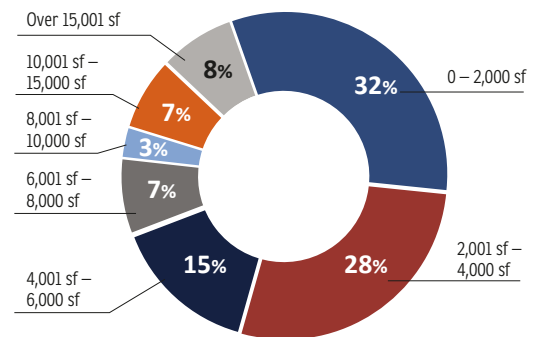
The positive spill-over effect of removing 334,000 square feet of B-class Beltline Block office inventory (which is slated to become a 315-unit, high-rise condo development) was evident, in that a clearer picture of the Beltline office market's health began emerging in the absence of stagnant vacancy in TransAlta Places I and II.



SUBURBAN DISTRIBUTION OF OPTIONS BY SIZE RANGE



BELTLINE DISTRIBUTION OF OPTIONS BY SIZE RANGE



Even with the quarter-over-quarter improvements in each market, both remained very much tenants' markets and Landlords are being caught in a tight spot. On the one hand, these submarkets have been showing signs of overall improvement and that increasing demand necessitates upward pressure on rates and increases demand on trades for space preparation and refreshes. However, with vacancy in the 17%-19% range, tenants still have plenty of options to explore and can push back on asking rates and try negotiating tenant improvement (TI) allowances higher.

A continuing theme in the Suburban markets and the Beltline is the desire among many small tenants to find locations that are close to home and ease their employees' commutes. This is a particularly important trend to have taken hold through the year to date, as an increasing number of companies seek to further reduce or eliminate work-from-home arrangements. With the population growth of Calgary over the previous year – which is becoming increasingly

evident in the density of morning/afternoon traffic, there is an ongoing, high importance placed by tenants and prospective tenants in both markets for parking availability and locations near major roadways for ease of entry and exit. This continues to drive activity to Sunalta and the 14th Street corridor; the periphery of the suburban SW and Beltline, and to major connector roads like Blackfoot Trail South where the age and/or class of older office properties is taking a back seat to commuting considerations.

With a much more diverse mix of office property classes and styles, the suburban markets are proving to be appealing to new businesses setting up here – many of them by people who've been attracted from other Canadian provinces and territories by Calgary's comparatively affordable residential market. Since the first quarter of this year, we've tracked a coinciding demand for spaces measuring 2,000 sf or less – the availability of has dropped from more than 34% at the end of Q1 2024 to just under 31%.

Opportunities by Building Class and Size

SUBURBAN OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

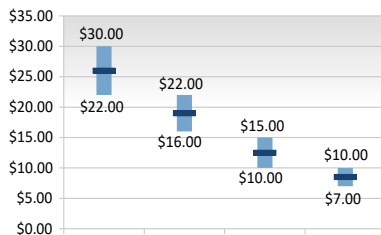
Size Range	HEADLEASE			SUBLEASE		
	A	B	C	A	B	C
0 – 2,000 sf	13	93	64	5	5	3
2,001 sf – 4,000 sf	39	80	44	4	1	2
4,001 sf – 6,000 sf	20	29	12	2	2	3
6,001 sf – 8,000 sf	13	12	8	1	4	1
8,001 sf – 10,000 sf	8	4	3	0	1	0
10,001 sf – 15,000 sf	20	16	3	3	0	0
15,001+	41	19	3	10	1	1
Overall	154	253	137	25	14	10

BELTLINE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

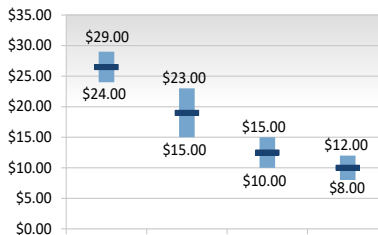
Size Range	HEADLEASE				SUBLEASE			
	A	B	C	Char	A	B	C	Char
0 – 2,000 sf	2	58	28	5	3	1	0	0
2,001 sf – 4,000 sf	2	57	12	7	5	0	1	0
4,001 sf – 6,000 sf	3	28	6	3	3	2	0	0
6,001 sf – 8,000 sf	6	11	1	1	1	1	1	1
8,001 sf – 10,000 sf	1	5	1	0	1	0	1	0
10,001 sf – 15,000 sf	2	13	0	3	4	0	0	0
15,001+	5	6	1	6	5	0	0	0
Overall	21	178	49	25	22	4	3	1

Average Asking Rates

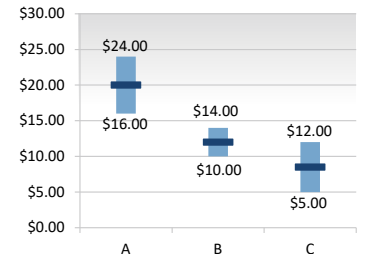
AVERAGE SUBURBAN NORTH ASKING RATES BY BUILDING CLASS



AVERAGE SUBURBAN SOUTH ASKING RATES BY BUILDING CLASS



AVERAGE BELTLINE ASKING RATES BY BUILDING CLASS



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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	146,472 sf	1,330,882 sf	11.01%
B	162,546 sf	739,264 sf	21.99%
C	79,865 sf	385,321 sf	20.73%
Overall NW	388,883	2,455,467	15.84%

SUBURBAN NE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	358,087 sf	2,334,123 sf	15.34%
B	162,546 sf	2,291,563 sf	23.12%
C	196,107 sf	1,857,839 sf	10.56%
Overall NE	716,740 sf	6,483,525 sf	16.72%

SW VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	686,493 sf	2,603,539 sf	26.37%
B	275,037 sf	473,978 sf	58.03%
C	126,602 sf	792,591 sf	15.97%
Overall SW	1,088,132 sf	3,870,108 sf	28.06%

SUBURBAN SE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	1,119,388 sf	5,887,238 sf	19.01%
B	368,624 sf	2,122,364 sf	17.37%
C	75,575 sf	577,549 sf	13.09%
Overall SE	1,563,587 sf	8,587,151 sf	18.23%

BELTLINE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	408,863 sf	2,728,573 sf	14.98%
B	782,114 sf	2,663,321 sf	29.37%
C	226,511 sf	1,630,663 sf	13.89%
Character	196,045 sf	372,505 sf	52.63%
Overall Beltline	1,613,533 sf	7,395,062 sf	21.82%

PREPARED BY BARCLAY STREET REAL ESTATE

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