

Calgary's Year-end Beltline Office Landscape

Office Market Analysis **Calgary • Year-end 2023**

Overall

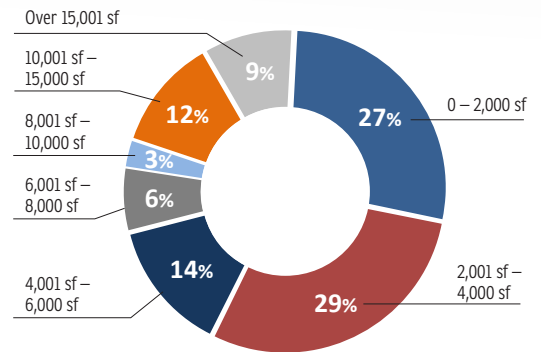
20.5% **VACANCY RATE**
(Space marketed for headlease)

3.8% **BALANCE OF AVAILABLE SPACE**
(Space marketed for sublease/sub-sublease/office-share, etc.)

24.3% **AVAILABILITY**
(Total amount of space available for lease/sublease/office-share, etc.)

Availability in Calgary's Beltline office market increased ever-so-slightly during the final quarter of 2023. A spike in sublease availability resulted in approximately 20,000 square feet (sf) of negative net absorption. The new space introduced to the market was primarily available for sublease and located in polar opposites of the size spectrum: pockets measuring 2,000 – 4,000 sf and in large 10,000+ sf spaces. With such a small net change in overall occupied space, total occupied space in the Beltline remained largely consistent with the previous quarter at 75.7%.

DISTRIBUTION OF OPTIONS BY SIZE RANGE



Within-class

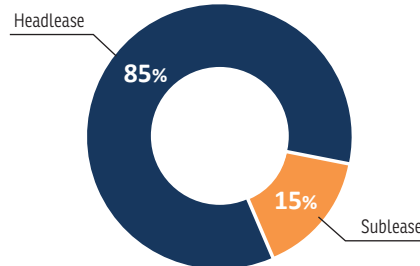
CLASS A **14.9%** VACANCY
23.1% AVAILABILITY

CLASS B **25%** VACANCY
25.5% AVAILABILITY

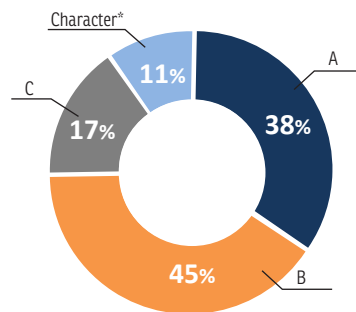
CLASS C **17.3%** VACANCY
18.3% AVAILABILITY

CHARACTER* **40.9%** VACANCY
48.6% AVAILABILITY

HEADLEASE VS. SUBLEASE DISTRIBUTION



DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS

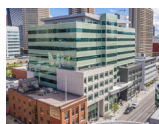


Beltline tenants securing headleases continued a multi-quarter trend of securing space in higher quality premises which, as with Q3, placed noticeable demand on spaces in A Class properties at the expense of B Class product. Availability in C Class properties remained essentially unchanged. As with the Downtown, the ongoing focus on 'moving up' in the Beltline has put upward pressure on A-Class lease rates.

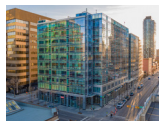
The Beltline office market remained in a state of existential flux, being not-quite-Downtown despite its high number of energy-focused accounting, law and engineering firm tenants and not being suburbia with competitive lease rates and plentiful parking. This market has, however, been taking on a much more 'suburban feel' in the previous few years - in how the office market behaves and with the change of emphasis on new construction to multi-residential towers and new commercial development focused on retail product. No new commercial office space has been introduced in this submarket for several years and none is anticipated in the foreseeable future.

A: With the above points in mind, future Beltline research and commentary will be part of Barclay Street's suburban reports.

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



SMART Technologies leased approx. 83,000 sf in 11th Avenue Place.



Altus Group Ltd. leased approx. 19,500 sf in Centre 10.



* In 2023, we 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.

Opportunities by Building Class and Size

The Beltline office market is extremely tight when it comes to availability of mid-sized spaces measuring to 8,001 – 10,000 sf and small pockets of space measuring less than 2,000 sf. Just 7 options totalling 73,000 sf of the former were available in Q4, while 77 opportunities totalling less than 99,000 sf of the latter were available. B-class spaces measuring 10,001 sf and greater comprised the bulk of available Beltline office space, totalling just under 1.1 million square feet (msf) of the total 1.83 msf available at the end of the year.

HEADLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

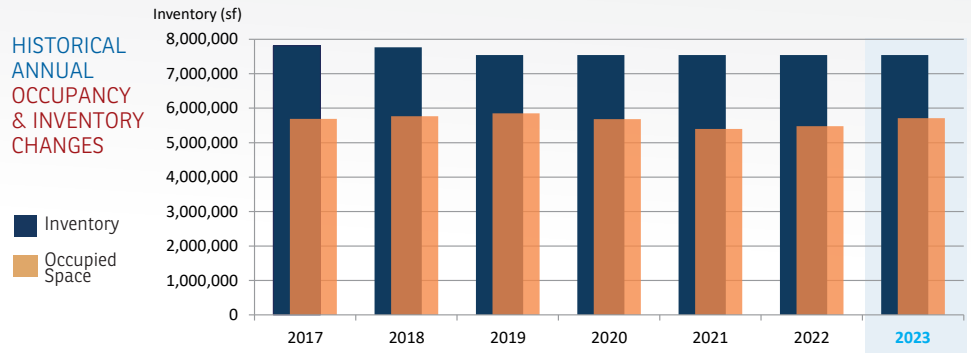
Size Range	A	B	C	Char.
0 – 2,000 sf	6	44	22	5
2,001 sf – 4,000 sf	7	47	17	8
4,001 sf – 6,000 sf	7	18	7	2
6,001 sf – 8,000 sf	6	9	1	1
8,001 sf – 10,000 sf	1	4	2	0
10,001 sf – 15,000 sf	6	16	1	3
15,001+	8	7	3	4
Overall	41	145	53	23

SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

Size Range	A	B	C	Char.
0 – 2,000 sf	3	0	1	0
2,001 sf – 4,000 sf	6	1	0	0
4,001 sf – 6,000 sf	3	3	0	0
6,001 sf – 8,000 sf	1	0	1	0
8,001 sf – 10,000 sf	0	0	1	0
10,001 sf – 15,000 sf	7	0	0	1
15,001+	4	0	0	1
Overall	24	4	3	2

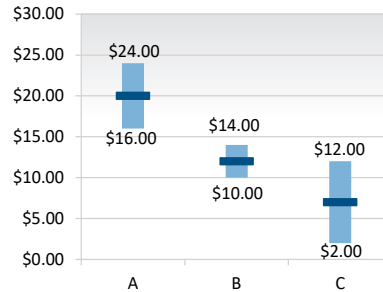
Changes in Occupancy

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

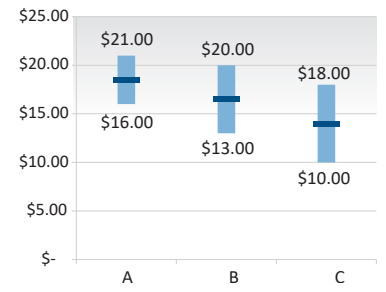


Average Costs

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

PREPARED BY BARCLAY STREET REAL ESTATE

Anthony B. Scott – Director of Research • 403-294-7164 • ascott@barclaystreet.com
 Wanda Eilers – Senior Associate • 403-703-3070 • weilers@barclaystreet.com
 Bill Falagaris – Executive Vice President • 403-650-2347 • bfalagaris@barclaystreet.com
 Kris Hong – Executive Vice President, Partner • 587-896-8858 • khong@barclaystreet.com
 Murray Ion – Associate • 403-797-3103 • mion@barclaystreet.com
 Allan Jones – Executive Vice President • 403-850-7621 • ajones@barclaystreet.com
 Ian Robertson – Associate • 403-860-2383 • irobertson@barclaystreet.com

