

Q3 2021

Calgary

Downtown Office Market Report

Net Absorption

This Quarter	Previous Quarter
-7K SF	-371K SF
12-Month Absorption	3-Year Quarterly Avg.
-2.07M SF	-163K SF

Vacancy

This Quarter	Year-over-Year
32.04%	▲ 468 bps
Total Vacant Space	
14.14M SF	

Direct Vacancy

This Quarter	Previous Quarter
24.21%	24.05%

Sublease Vacancy

This Quarter	Previous Quarter
7.82%	7.97%

CMN Calgary Inc.

Market Outlook

The second half of 2021 began to show moderate growth in market activity, particularly towards the end of summer as more organizations planned to return to the office in the fall, either part-time or full-time. Overall vacancy and absorption remained relatively flat over Q3, with vacancy increasing by only two basis points to 32.04% and occupied space contracting by 7,265 square feet. Unusually, class AA space was the most significant individual contributor to this contraction, primarily from Paramount Resources reducing their office footprint, which was partially offset by Cenovus removing their sublease space in Brookfield Place from the market. The class A market showed moderate growth mostly due to increased activity on smaller blocks of space. The most significant contribution to positive absorption in Q3 occurred in the class B market, where Neo Financial expanded into a large portion of the recently vacated WeWork floors in The Edison. Class C space continued to struggle this quarter, with a contraction of just over 50,000 square feet which resulted in a 92 basis point increase quarter-over-quarter in class C vacancy rate.

The move by the Calgary-based fintech firm, Neo Financial to The Edison is another example of tech growth in the downtown core. Consolidating from three buildings in East Village into one central hub, Neo has nearly doubled their office footprint in Calgary, and with \$64 million in Series B funding recently secured, Neo is expected to continue this upwards trajectory. The provincial government selected four Tech Accelerator programs to receive a combined

\$35 million in funding, providing Alberta-based tech startups with mentorship, global visibility and connectivity, and capital to help them grow. The funding of this program demonstrates the government's understanding of the importance of tech's role in the future of Alberta's economy.

Optimism in the energy sector is rising, with WTI prices climbing above \$70 USD/barrel and natural gas reaching a 6-year high with year-over-year growth approaching 100%. As a result of the strengthening energy sector, Colliers witnessed modest leasing interest and activity in Q3 from E&P and service companies with many examining go-forward plans pertaining to real estate. While positive, the anticipated effect of this potential uptick in Calgary's predominant economic sector will likely only result in a modest reduction in available space.

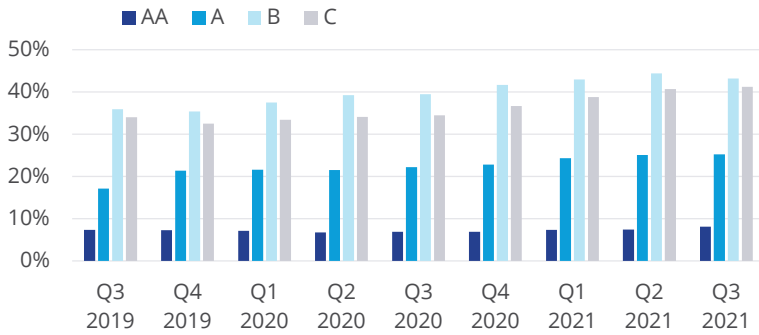
The aforementioned increase in leasing activity towards the end of Q3 was slightly stifled as the fourth wave of COVID-19 in Alberta brought on new restrictions. Transactions that have been put on hold as a result of the renewed uncertainty tend to be organizations in the market for smaller pockets of space, while those requiring larger footprints are taking a longer-term outlook on their office space requirements and capitalizing on the current market conditions. With the current work from home orders in place for the foreseeable future, many organizations have postponed plans to occupy new office space or return to their current offices in some capacity until the new year.

Accelerating success.

Market Overview

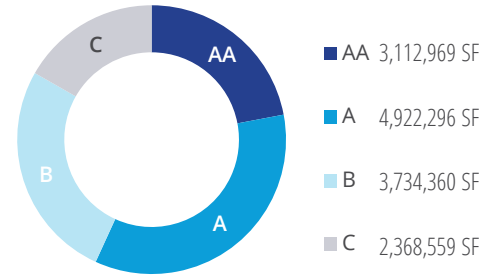
01 Downtown Direct Vacancy

% of Total Vacancy | Q3 2019 - Q3 2021



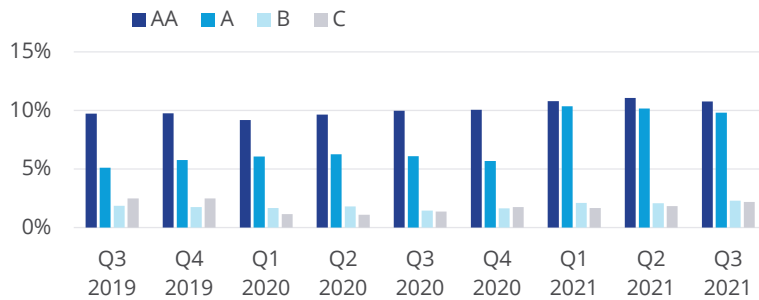
02 Vacancy Composition

By Building Class | Square Feet (SF)



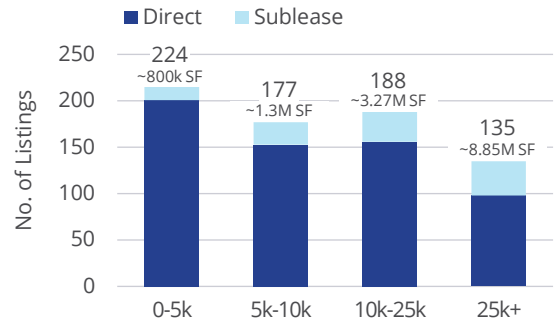
03 Downtown Sublease Vacancy

% of Total Vacancy | Q3 2019 - Q3 2021



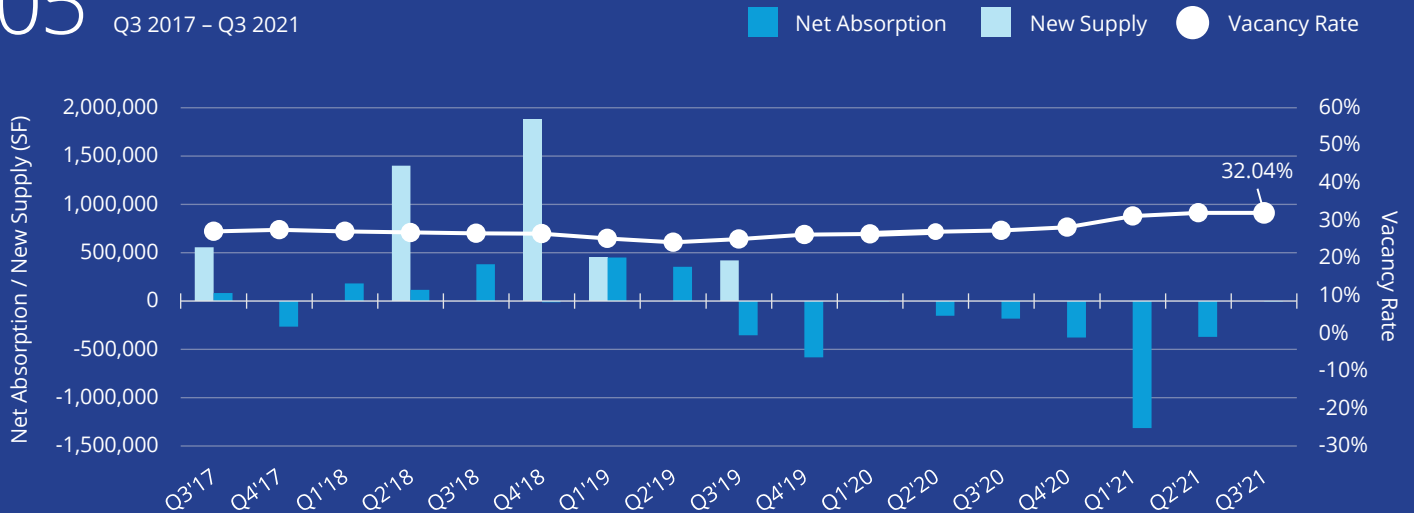
04 Downtown Vacant Space

By Size Range



05 Downtown Historical Overview

Q3 2017 - Q3 2021



Market Statistics & Transaction Highlights

Class	AA	A	B	C	Overall
No. of Buildings	21	34	38	70	163
Total Vacant Space					
Current Quarter	3,112,969 SF	4,922,296 SF	3,734,360 SF	2,368,559 SF	14,138,184 SF
Previous Quarter	3,048,920 SF	4,947,090 SF	3,816,513 SF	2,318,396 SF	14,130,919 SF
Vacancy Rate					
Current Quarter	18.93%	35.07%	45.53%	43.44%	32.04%
Previous Quarter	18.54%	35.25%	46.54%	42.52%	32.02%
Direct Vacancy					
Current Quarter	8.17%	25.28%	43.23%	41.24%	24.21%
Previous Quarter	7.48%	25.09%	44.45%	40.69%	24.05%
Sublease Vacancy					
Current Quarter	10.76%	9.80%	2.30%	2.20%	7.82%
Previous Quarter	11.06%	10.16%	2.09%	1.83%	7.97%
Direct Available Space					
Current Quarter	1,334,086 SF	3,547,163 SF	3,545,499 SF	2,248,500 SF	10,685,248 SF
Previous Quarter	1,230,561 SF	3,521,234 SF	3,645,079 SF	2,218,756 SF	10,615,630 SF
Sublease Available Space					
Current Quarter	1,768,883 SF	1,375,133 SF	188,861 SF	120,059 SF	3,452,936 SF
Previous Quarter	1,818,359 SF	1,425,856 SF	171,434 SF	99,640 SF	3,515,289 SF
Net Absorption					
Current Quarter	-64,049	24,794	82,153	-50,163	-7,265
Previous Quarter	-62,470	-77,831	-118,437	-111,985	-370,723

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Neo Financial	The Edison, 150 9 Avenue SW	Central	Headlease	50,000
Infosys Limited	Gulf Canada Square, 401 9 Avenue SW	Central	Sublease	48,000
Longshore Resources Ltd.	Fifth & Fifth, 605 5 Avenue SW	West	Headlease	30,000
Jacobs	First Tower, 411 1 Street SE	East	Headlease	27,000
Calgary Homeless Foundation	Rocky Mountain Plaza, 615 Macleod Trail SE	East	Headlease	14,000
Deltastream Energy Corp	736 Sixth, 736 6 Avenue SW	Central	Headlease	14,000

Colliers Research



We are the industry cornerstone of authoritative statistics, forecasts and market commentary across Canada.

With more than 20 years of comprehensive market data, extensive research capabilities and access to 'live' deal information – there is no other research firm in Canada that can provide such a complete commercial real estate research solution.

With more than 20 dedicated research specialists, supported by over 20 market data coordinators – our world-class researchers are continuously sourcing and analyzing data in every major market across Canada – to ensure our clients receive the most accurate and powerful information to make critical decisions for their future.

Core services:

- Predictive market research
- Reporting on key insights and trends
- Access to the latest market data
- Customized research engagements

For more information on the Calgary Office Market, please contact:

Aly Lalani

Executive Vice President | Partner
+1 403 298 0410
aly.lalani@colliers.com

Paul Marsden

Executive Vice President | Partner
+1 403 571 8764
paul.marsden@colliers.com

Roelof van Dijk

Senior Director, National Research & Analytics
+1 416 798 0991
roelof.vandijk@colliers.com

Leo Lee

Director, National Research Operations
+1 416 620 2839
leo.lee@colliers.com

Max Shapinko

Research Operations Specialist | Canada
+1 416 791 7256
max.shapinko@colliers.com

Report Author:

Cole Trifunov

Research Analyst
+1 403 298 0416
cole.trifunov@colliers.com

Report Contributors:

Aly Lalani | Executive Vice President | Partner
Jim Rea | Executive Vice President | Partner
Dan Lannon | Senior Vice President | Partner
Warren Hedges | Senior Vice President | Partner
Todd Sutcliffe | Senior Vice President | Partner
Leigh Kirnbauer | Vice President | Partner
Craig Hulsman | Vice President | Partner
David Harvey | Senior Vice President
Doug May | Senior Vice President
Kevin McGillis | Senior Vice President
Patrick McGillis | Senior Associate
Casey Roland | Associate | Team Transaction Manager

Jane Taylor | Associate | Team Transaction Manager
Jarrett Rafuse | Associate
Jody Sick | Associate
Landon King | Associate
Cassie Van Kessel | Office Project Specialist
Bill Zhao | Market Data Coordinator

Workplace Strategy & Innovation:

Robyn Baxter | Vice President
Sarah Bramley | Associate Vice President
Kelly Zarchekoff | Project Coordinator

Colliers Canada | Calgary

CMN Calgary Inc.
335 8th Avenue SW, Suite 900, Calgary, AB, T2P 1C9
+1 403 266 5544

collierscanada.com/research



Copyright © 2021 Colliers International. Information herein has been obtained from sources deemed reliable, however its accuracy cannot be guaranteed. The user is required to conduct their own due diligence and verification. © 2021 CMN Calgary Inc.

Accelerating success.