

Q1 2022

Calgary

Suburban Office Market Report

Beltline Net Absorption

This Quarter	12-Month Absorption
45K SF	-21K SF

Suburban Net Absorption

This Quarter	12-Month Absorption
253K SF	80K SF

Beltline Vacancy

This Quarter	Year-over-Year
27.93%	▲ 261 bps
Direct Vacancy	Sublease Vacancy
1.51M SF	538K SF

Suburban Vacancy

This Quarter	Year-over-Year
19.86%	▼ 263 bps
Direct Vacancy	Sublease Vacancy
3.57M SF	652K SF

CMN Calgary Inc.

Market Outlook

Q1 2022 set off with a strong start across all suburban office submarkets. The Beltline and Suburbs experienced a second consecutive quarter of growth in occupied space for the first time since the end of 2019. The Beltline benefited from a resurgence in desire from groups to have central office space and experienced 45,000 square feet of growth in occupancy. Market activity in the Northwest was relatively nominal in Q1 which resulted in a modest growth of 14,000 square feet. While the Southwest submarket was the flattest of Q1 it still experienced over 9,000 square feet of positive absorption. The Northeast submarket was the largest contributor to Q1's overall growth with over 156,000 square feet of growth, the most in that market since Q4 2017. Market activity in the Southeast was also high this quarter, particularly in Class B space which made up a significant portion of its nearly 75,000 square feet of positive absorption. This trend was echoed across the Suburban office market as a whole which saw over half of the cumulative growth come from Class B space.

Q1 2022 marked a shift in the type of activity happening in the Suburban market. The prevailing common practice since the beginning of Q2 2020 has trended towards smaller blend-and-extend style transactions with the goal of waiting out uncertainty before any major long-term decisions on the future of organizations' office spaces were decided. After two years of this stop-gapping, a significant wave of larger occupiers are returning to their search for physical offices. This quarter also saw a notable change in sentiment with many more groups beginning to both consider and transact on full scale relocations aiming to benefit their businesses both at present and moving forwards. Many

organizations are now looking ahead with their procurement of office space in order to best accommodate current and future talent in their workforce. With long-term hybrid models becoming a reality as restrictions lift, employers are looking to find ways that their physical spaces can both incentivize employees to come to the office and maximize their benefits while they are there to foster culture and attract talent. This is continuing to contribute to the attractiveness of inner-city office space for groups looking to entice workers into the office with the intangibles associated with proximity to the city's core. Move-in ready suites remain in high demand in desirable areas as labor and material shortages persist, driving up lead times and construction costs further.

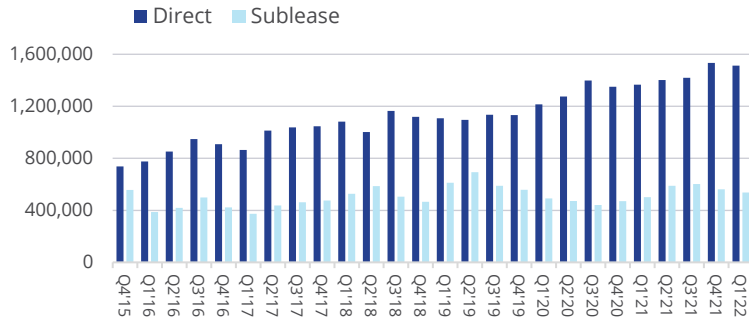
With these major occupiers active in the market, there still could remain some uncertainty for the Suburban office market as a whole. For the majority of these large-scale users, their current hunt for office space represents a net reduction in their office footprint in Calgary. This has the potential to level the disparity in vacancy rates between classes, particularly through groups consolidating multiple spaces from lower tiered product into a single primary hub of first-rate office product. With oil prices achieving 10-year highs, Calgary's energy-centric economy is expected to benefit as a result, which could in turn mitigate some compression from tenants in that sector as well as adjacent sectors. Overall, despite signs of economic growth and activity in the market, Colliers expects that any meaningful changes to the overall suburban vacancy rate will not transpire over the several quarters, but rather of the course of the next several years.

Accelerating success.

Beltline Overview

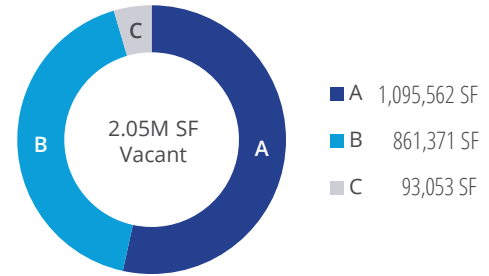
01 Beltline Vacant Space

By Direct and Sublease Vacant Space (SF) | 2015 - 2022



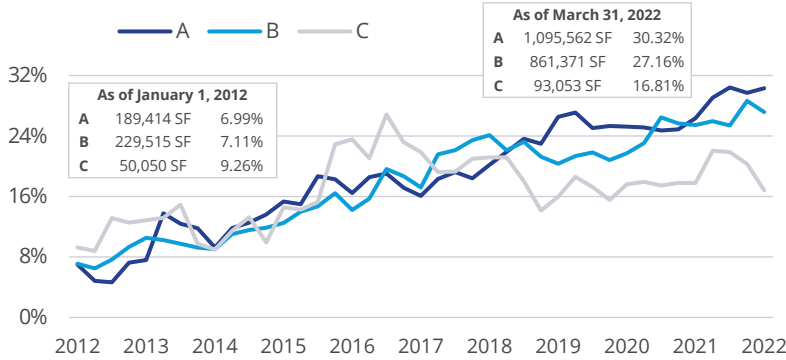
02 Beltline Vacancy by Class

By Square Feet (SF)



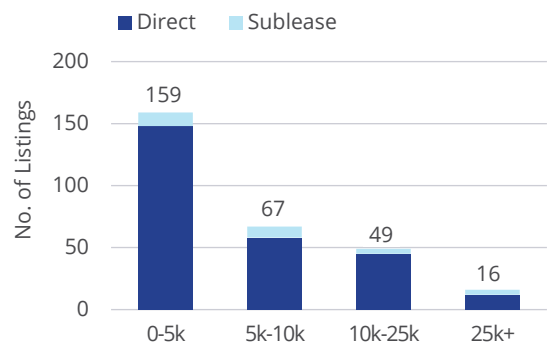
03 Beltline Vacancy Rate by Class

2012 - 2022



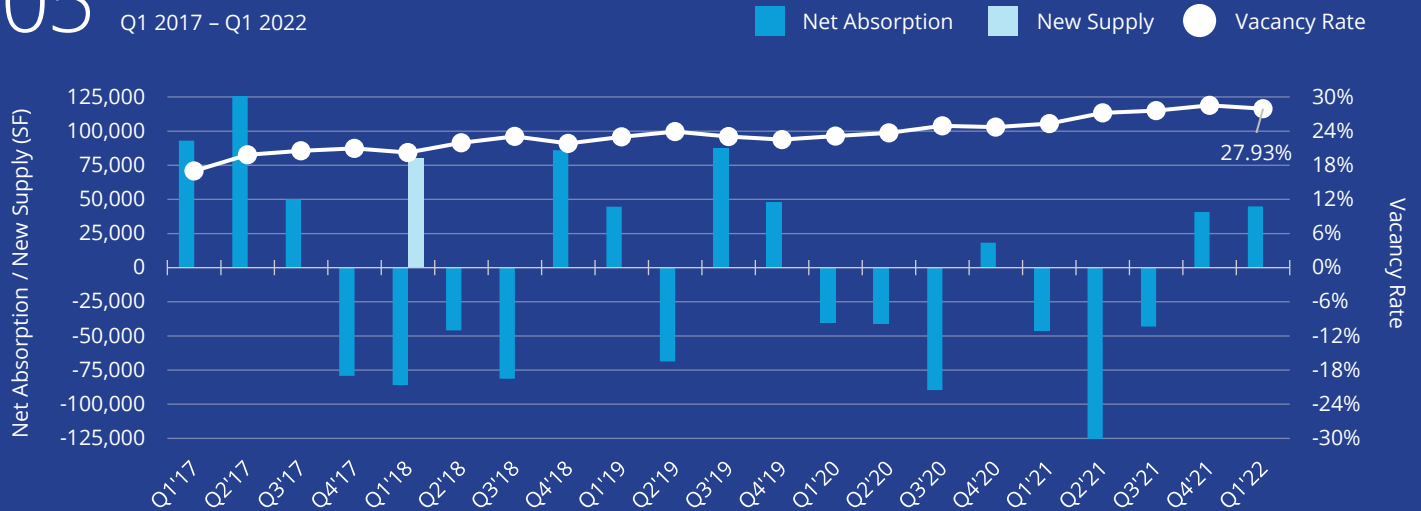
04 Beltline Vacant Space

By Size Range (SF)



05 Beltline Historical Overview

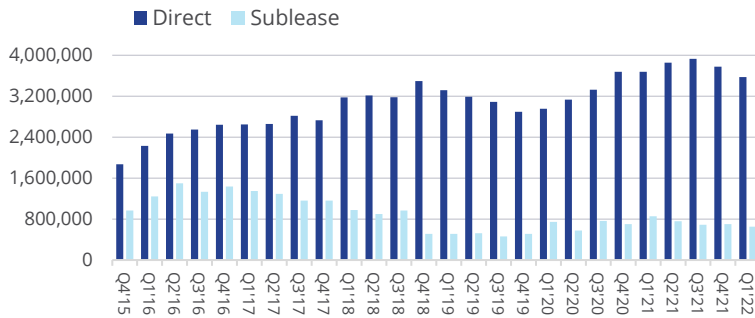
Q1 2017 - Q1 2022



Suburban Overview

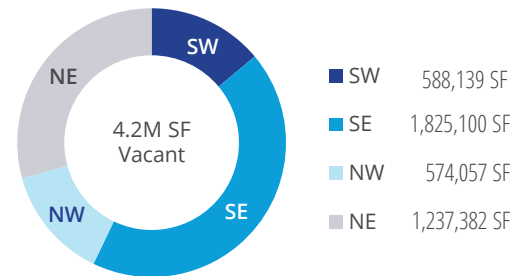
01 Suburban Vacant Space

By Direct and Sublease Vacant Space (SF) | 2015 - 2022



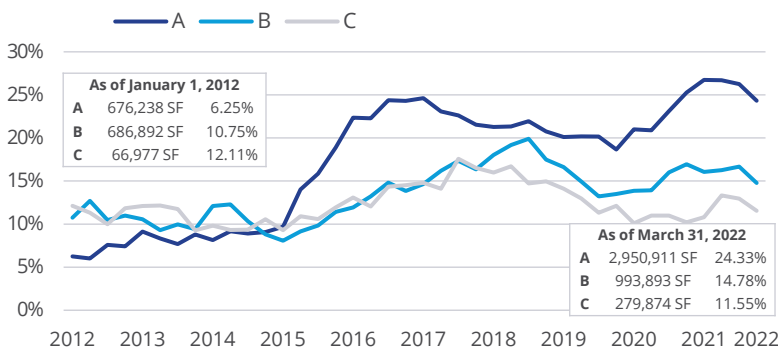
02 Suburban Vacancy by Market

By Square Feet (SF)



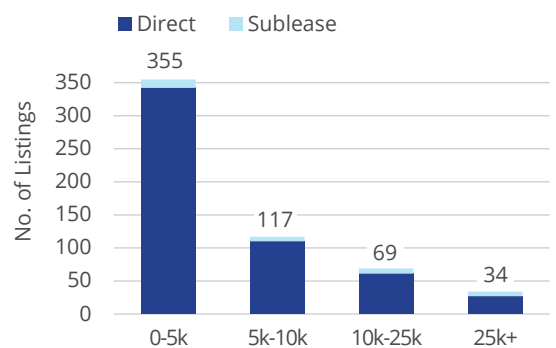
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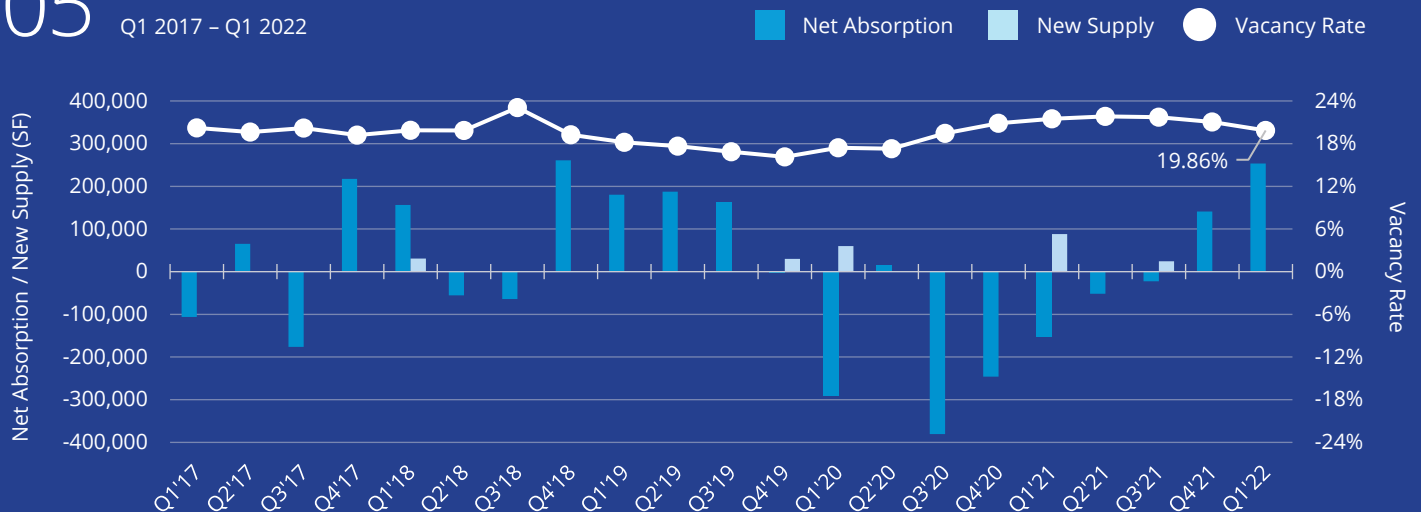
04 Suburban Vacant Space

By Size Range (SF)



05 Suburban Historical Overview

Q1 2017 - Q1 2022



Market Statistics & Transaction Highlights

Market	# of Buildings	Total Inventory (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacancy (SF)	Vacancy Rate	Net Absorption (SF)
South East							
Current Quarter	124	8,321,336	1,465,365	359,735	1,825,100	21.93%	73,854
Previous Quarter	124	8,321,336	1,513,424	385,530	1,898,954	22.82%	35,309
South West							
Current Quarter	45	3,427,036	556,724	31,415	588,139	17.16%	9,327
Previous Quarter	45	3,427,036	569,330	28,136	597,466	17.43%	38,028
North West							
Current Quarter	48	2,434,519	353,036	221,021	574,057	23.58%	14,090
Previous Quarter	48	2,434,519	367,126	221,021	588,147	24.16%	25,519
North East							
Current Quarter	107	7,039,680	1,197,695	39,687	1,237,382	17.44%	156,047
Previous Quarter	107	7,039,680	1,326,792	66,637	1,393,429	19.64%	42,067
Suburban Total							
Current Quarter	324	21,276,571	3,572,820	651,858	4,224,678	19.86%	253,318
Previous Quarter	324	21,276,571	3,776,672	701,324	4,477,996	21.05%	140,923
Beltline Total							
Current Quarter	106	7,338,980	1,512,244	537,742	2,049,986	27.93%	44,870
Previous Quarter	106	7,338,980	1,533,505	561,351	2,094,856	28.54%	40,775

Notable Transactions

Occupier	Building Name / Address	Market	Transaction Type	Size (SF)
Tetranex	Riverview Atrium II, 6025 11 Street SE	South East	Headlease	33,000
Trimac Transportation	Vintage Tower - West, 326 11 Avenue SW	Beltline	Headlease	20,000
Lynx Air	Deerfoot Junction I, 3224 12 Street NE	North East	Sublease/Headlease	20,000
Alberta Boot Co.	Sun Ice Building, 121 10 Avenue SE	Beltline	Sublease	16,000
Supported Lifestyles	Vista Heights Office Complex - A, 1925 18 Avenue NE	North East	Headlease	15,000

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