

Q2 2022

Calgary

Suburban Office Market Report

Beltline Net Absorption

This Quarter	12-Month Absorption
-5K SF	48K SF

Suburban Net Absorption

This Quarter	12-Month Absorption
-24K SF	348K SF

Beltline Vacancy

This Quarter	Year-over-Year
28.13%	▲ 93 bps

Direct Vacancy	Sublease Vacancy
1.54M SF	505K SF

Suburban Vacancy

This Quarter	Year-over-Year
19.84%	▼ 200 bps

Direct Vacancy	Sublease Vacancy
3.58M SF	649K SF

CMN Calgary Inc.

Market Outlook

Leasing activity in the suburban market was relatively high through the beginning of Q2, with velocity beginning to ease slightly towards the summer months resulting in a relatively flat quarter in terms of market growth. The Beltline remained effectively unchanged from an overall occupancy perspective as positive growth in Class A product was balanced by a contraction in B and C space. This flight to quality was present across the Suburban office market as a whole in Q2 and is a continuation of a trend that has occurred through the last several quarters with organizations looking to improve the quality of their physical spaces. Among the Suburban quadrants, the North West and South East experienced growth in occupancy primarily as a result of several large blocks of space being leased. Nearly 165,000 square feet have been absorbed in Q2 between these two submarkets, which marks one year of consecutive quarter-over-quarter growth in the South East, the only office submarket across all of Calgary office to do so. Conversely, the North East and South West submarkets contracted in Q2 with a combined total just under 190,000 square feet of space returning to market, with a combination of several large blocks returning to market as well as a higher volume of spaces 5,000 square feet or less contributing to the increased availability in those regions.

Asking rates in the suburban office market have begun to show signs of an adjustment to the market, with net rates in Suburban properties beginning to lower. This correction, as strong interest

in inner city space continues, is essential for Suburban Calgary office spaces to be a competitive to organizations considering all markets for a new location. Several significant Suburban tenants chose to relocate to office space Downtown, including Sovereign Insurance, departing from their space in the former Sovereign Centre (now 6700 Macleod Trail SE) as well as Co-Operators Financial Services. To date, close to 2 million square feet of Suburban office tenants have committed to inner city and Downtown locations. This trend of migration to more centralized locations has become more prominent over the last several quarters with both Downtown and the Beltline benefiting from such relocations. Migration comes alongside organizations attempting to use their physical spaces as a differentiator to their competition providing value to prospective and current employees. Buildings that are amenity rich and that serve as convergence point for work and personal life through public spaces or proximity to restaurants and bars have emerged as the front runners in the competition for new tenancies.

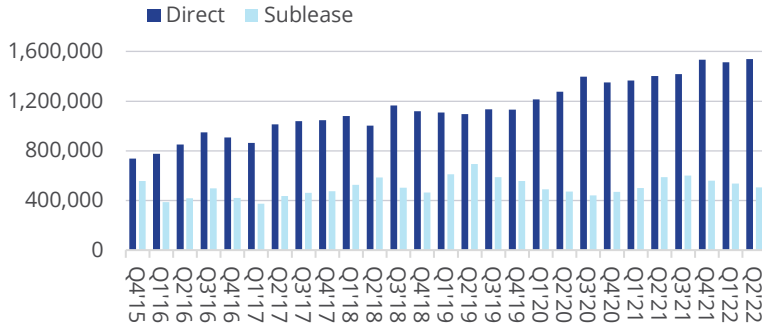
Across the suburban market, the majority of completed transactions resulted in a net compression of the organization's office space footprint. This trend, in conjunction with that of migration to the inner city, is expected to continue in the near-to-mid term while companies reimagine their workplaces will result in availability to rise over the foreseeable future.

Accelerating success.

Beltline Overview

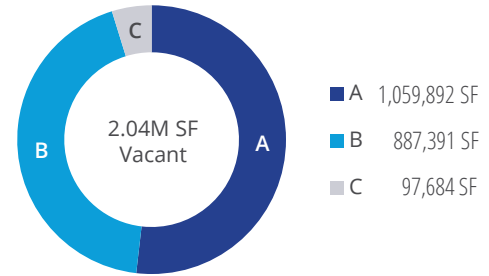
01 Beltline Vacant Space

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



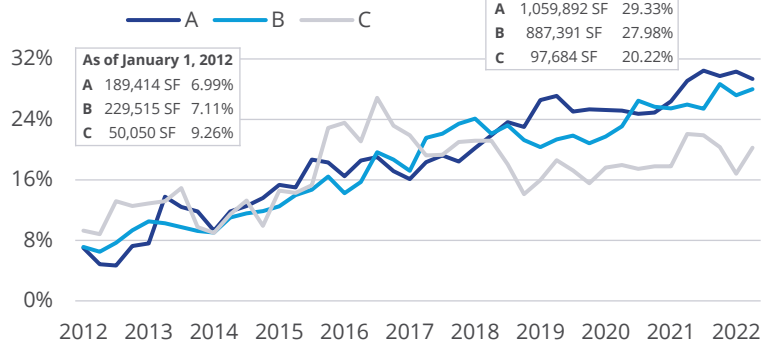
02 Beltline Vacancy by Class

By Square Feet (SF)



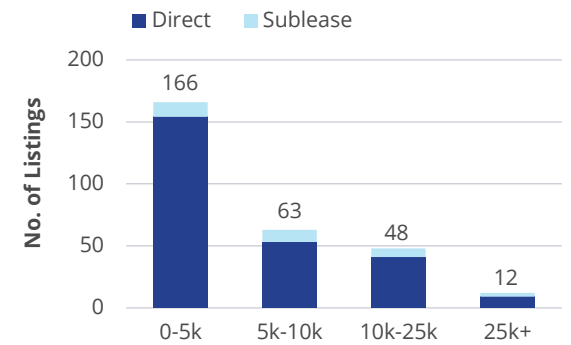
03 Beltline Vacancy Rate by Class

2012 - 2022



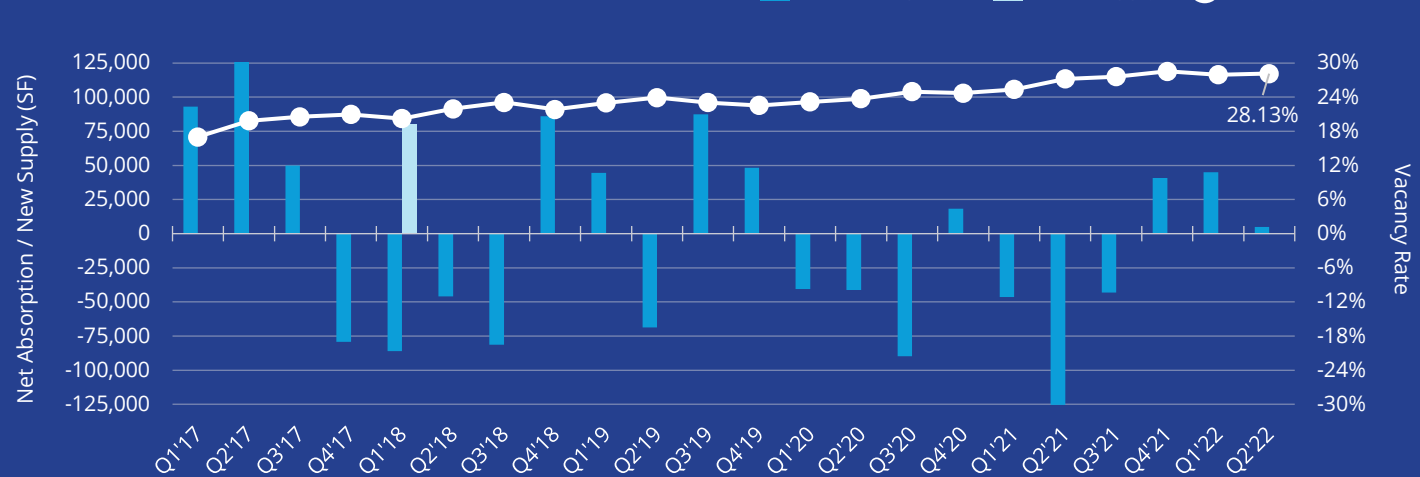
04 Beltline Vacant Space

By Size Range (SF)



05 Beltline Historical Overview

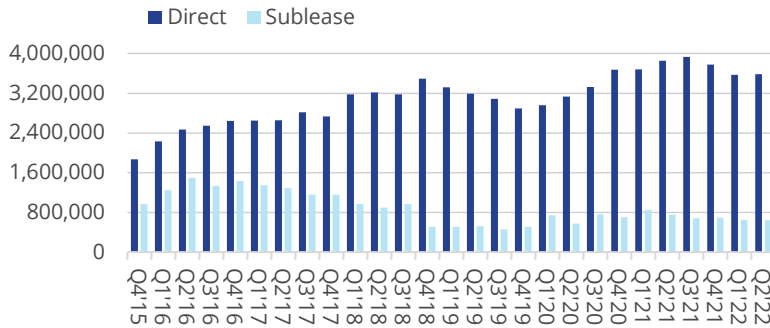
Q1 2017 - Q2 2022



Suburban Overview

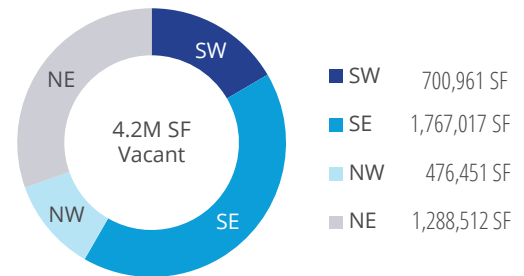
01 Suburban Vacant Space

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



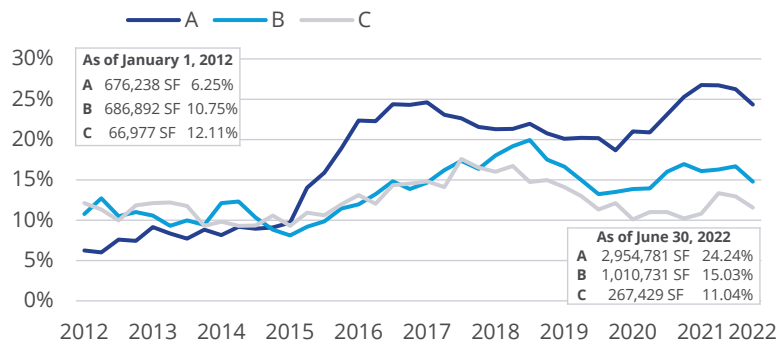
02 Suburban Vacancy by Market

By Square Feet (SF)



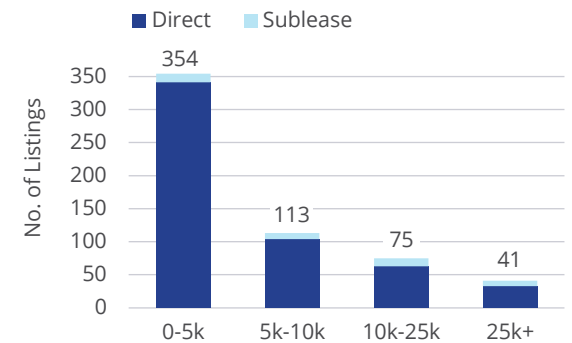
03 Suburban Vacancy Rate by Class

2012 - 2022



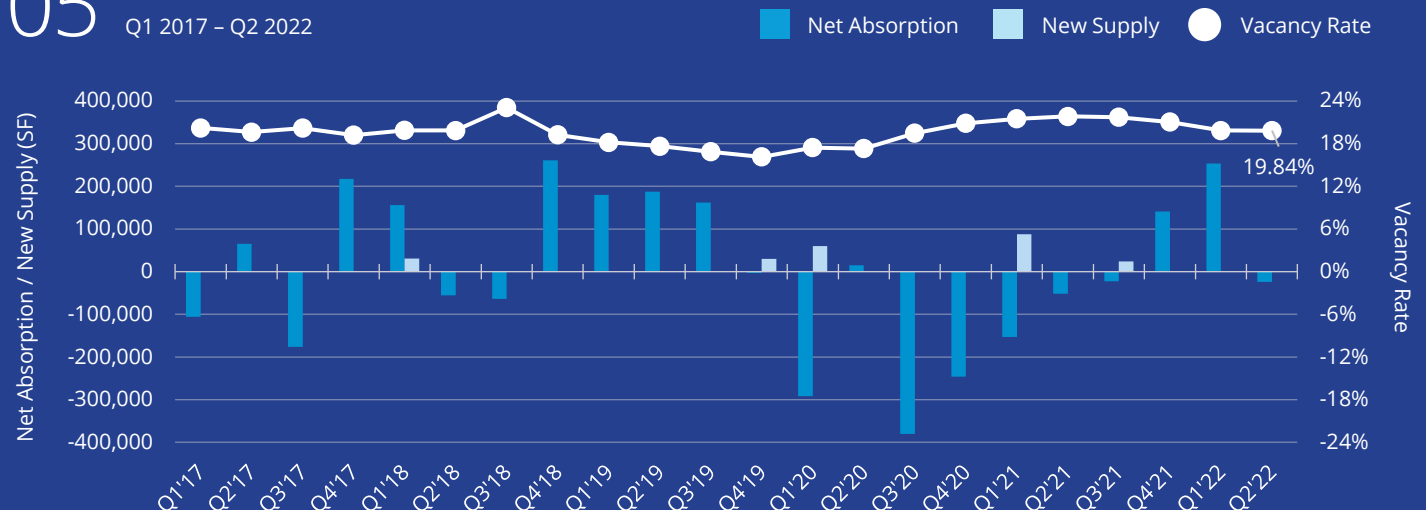
04 Suburban Vacant Space

By Size Range (SF)



05 Suburban Historical Overview

Q1 2017 - Q2 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	1,468,765	298,252	1,767,017	21.23%	58,083
Previous Quarter	124	8,321,336	1,444,365	380,735	1,825,100	21.93%	73,854
South West							
Current Quarter	45	3,427,036	657,928	43,033	700,961	20.45%	-112,822
Previous Quarter	45	3,427,036	556,724	31,415	588,139	17.16%	9,327
North West							
Current Quarter	48	2,496,681	259,081	217,370	476,451	19.08%	105,872
Previous Quarter	48	2,496,681	361,302	221,021	582,323	23.32%	14,090
North East							
Current Quarter	107	7,093,680	1,198,583	89,929	1,288,512	18.16%	-75,388
Previous Quarter	107	7,093,680	1,173,437	39,687	1,213,124	17.10%	156,047
Suburban Total							
Current Quarter	324	21,338,733	3,584,357	648,584	4,232,941	19.84%	-24,255
Previous Quarter	324	21,338,733	3,535,828	672,858	4,208,686	19.72%	253,318
Beltline Total							
Current Quarter	106	7,268,486	1,539,614	505,353	2,044,967	28.13%	5,019
Previous Quarter	106	7,268,486	1,512,244	537,742	2,049,986	28.20%	44,870

Notable Transactions

Occupier	Building Name / Address	Market	Transaction Type	Size (SF)
Fortress Engineering Ltd.	Sundance 1000, 1000-15 Sunpark Plaza SE	South East	Headlease	25,000
Baker Tilly Catalyst LLP	Canadian Tire Building, 205 Quarry Park Boulevard SE	South East	Headlease	19,000
aiM Land	Sundance 6000, 6000-15 Sunpark Plaza SE	South East	Headlease	15,000
Kasian Architecture	The District at Beltline – Building C, 220 12 Avenue SW	Beltline	Headlease	13,000
WealthCo Financial Advisory Services Inc.	Canadian Tire Building, 205 Quarry Park Boulevard SE	South East	Headlease	12,000

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:

Ian Huston

Managing Director
Calgary | Brokerage
+1 403 265 6495
ian.huston@colliers.com

Report Author:

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

National Research Contacts:

Adam Jacobs

Senior National Director,
Research | Canada
+1 437 836 0491
Adam.jacobs@colliers.com

Leo Lee

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

Report Contributors:

Peter Mayerchak | Executive Vice President | Partner
Justin Mayerchak | Executive Vice President | Partner
Matt Lannon | Vice President | Partner
Chris Law | Senior Vice President
Brittany Block | Associate Vice President
Callum McLaughlin | Senior Associate
Jash Sandhu | Senior Associate
Bryson Mayerchak | Associate | Transaction Manager
Mackenzie Clarry | Office Project Specialist
Natasha Lakhoo | Office Project Specialist
Serena Heerema | Office Project Specialist
Bill Zhao | Senior 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



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. This publication is the copyrighted property of Colliers and/or its licensor(s). Copyright © 2022. All rights reserved. CMN Calgary Inc.

Accelerating success.