



# Calgary, Alberta

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

## Overview

Downtown vacancy has essentially remained flat this quarter, and absorption was a modest 25,696 square feet. Due to the shortage of quality office space and uncertainty in the natural gas sector, the pace of activity has slowed down although there was actually more leasing done than the numbers indicate. Because absorption compares occupancy at the start of the period to its end, any space that comes available and leases within the period does not get captured. For example, a three-floor, 60,000 square foot sublease came available this past quarter and was leased within a week.

Tenants continue to find it difficult to secure quality space, and rental rates have significantly increased to levels not seen since the last run-up. As a result, the lack of available space and higher rental rates has spurred renewed interest in new developments. In some projects, pre-leasing has already begun but at levels not significant enough to officially announce the project's construction. In addition to the announcement of Eighth Avenue Place's West Tower, three other major downtown projects are vying for pre-leasing: Oxford's Eau Claire Tower, Cadillac Fairview's City Centre, and Brookfield's 225 – 6th Avenue SW site.

## Market Trends

- The class AA market now sits at 0.30% vacancy, the class A market is at 1.77%, the class B market is at 7.47%, and the class C market is at 8.57%.
- Overall downtown vacancy resides at 2.97%, and the Beltline is down to 7.55%.

## Tenant's Perspective

Tenants in the market will find it difficult to attain quality, well-located space at economic rental rates. As in the previous vacancy crunch experienced in 2005 – 2008, it is expected that some tenants will be forced to the edges of the core, the Beltline, or the sub-urban markets. Higher quality space in central locations will prove to be a challenging search and as such longer lead times are required.

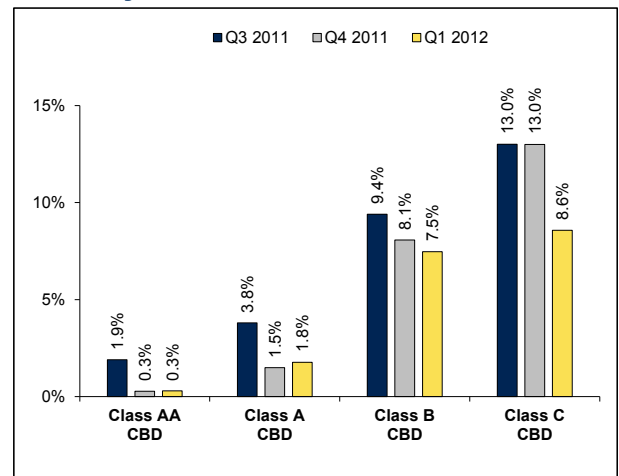
Strategic planning and speed to transaction will give tenants a better chance of securing space as it comes available. Until the market sees significantly greater vacancy or large pockets of space come through mergers and acquisitions, the expectation is that available options will continue to lease quickly. In the current environment a well-informed, active leasing advisor with a strong business network is always recommended.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Worley Parsons	57,959	Office	Headlease
Dominion of Canada Ins.*	32,297	Office	Headlease
Equinox Engineering	30,716	Office	Headlease
Precision Drilling*	23,555	Office	Headlease
Sonde Resources	20,900	Office	Headlease
Crescent Point	20,051	Office	Sublease
Caber Engineering*	14,600	Office	Headlease
HZ Projects*	13,677	Office	Headlease
TAQA North	12,766	Office	Headlease
ACM Automation	12,230	Office	Headlease

\*Transactions in which Cresa Calgary was involved

## Vacancy Rate



## Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class AA Office	\$54.99	\$56.77	\$61.28
Class A Office	\$43.77	\$45.92	\$51.96
Class B Office	\$33.76	\$35.76	\$39.85
Class C	\$28.82	\$30.40	\$32.69

