



# Calgary, Alberta

Tenant's Guide ■ North American Markets ■ Third Quarter 2012

## Overview

Downtown vacancy had little change over the past quarter and now sits at 2.85%, up slightly from 2.48%. The class AA/A market remains virtually fully occupied. Although the third quarter is traditionally slow due to summer vacations this year was especially quiet.

The volatility in oil prices and the continued low natural gas prices has tempered growth expectations in many mid- to small-sized companies. Barring a major change this trend is expected to continue. Larger companies still remain active as their decision making process is longer and more involved.

The third quarter saw the first groups of Cenovus employees move into the lower levels of The Bow. In the coming year a game of musical chairs will see companies moving around the downtown as they occupy the Cenovus and Encana backfill space. Substantially all the space being freed up has been pre-leased over the past two to three years.

Most notable this quarter was the announcement of Imperial Oil's move out of the core starting in 2014 to a new 20-acre, 800,000 SF, five-building office complex in Remington's Quarry Park. The move is significant because it is the first time a major oil & gas producer has moved to the suburbs to escape the high priced downtown environment.

## Market Trends

- Vacancy in the class AA/A market is down to 0.29% from 0.91% during the second quarter. The class B market increased slightly to 7.15%. Vacancy in the class C market increased to 13.65%.
- Overall downtown vacancy sits at 2.85% and the Beltline is at 6.36%.
- Rental rates continue to rise in all classes.

## Tenant's Perspective

With exception of new opportunities the vacant spaces available are the remnants of the past few years' historic activity. It is these leftovers, often of poorer quality, that are now being leased at increased rents.

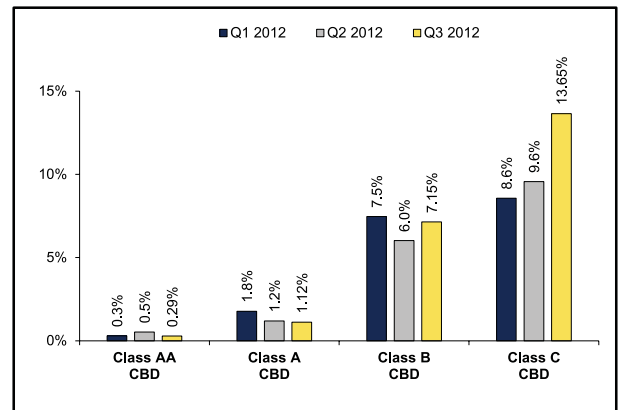
In general more time and better planning is required by tenants. An opportunity for some tenants will be from sublease space, which has become more apparent. However the quality of these options is spotty. Tenants with needs in the near term are advised to start their search process early so when opportunities come their decisions can be made quickly.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Enbridge	52,000	Office	Headlease
Syncrude Canada	75,000	Office	Headlease
Inter Pipeline Fund	141,000	Office	Headlease
*Mosaic Energy	29,000	Office	Sublease
Crescent Point Energy	340,000	Office	Headlease
Pembina Pipelines	60,000	Office	Headlease
Matrix Solutions	130,000	Office	Headlease
Alberta Infrastructure	42,000	Office	Headlease
*Fasken Martineau	22,000	Office	Headlease
Cenovus	180,000	Office	Sublease

\*Transactions in which Cresa Calgary was involved

## Vacancy Rate



## Average Rental Rates

CBD	Q1 2012	Q2 2012	Q3 2012
Class AA Office	\$61.28	\$61.79	\$63.67
Class A Office	\$51.96	\$52.59	\$53.59
Class B Office	\$39.85	\$40.87	\$41.68
Class C	\$32.69	\$34.61	\$35.04

