

YoY Chg 12-Mo. Forecast

27.4%
Vacancy Rate



-279K
Net Abs. YTD, SF



\$14.86
Net Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

849K
Calgary, AB Employment



7.7%
Calgary, AB Unemployment Rate



5.3%
Canadian Unemployment Rate



Source: Statistics Canada

ECONOMY: Energy Sector and Government Revenues Increase With Oil Prices

Two years after plunging to record-low levels, geopolitical turmoil and supply shortages sent the price of oil soaring up 70% year-over-year in March 2022. The energy sector, which accounts for a quarter of Alberta's GDP, saw continued recovery and added 3,500 jobs to the Calgary labour force in the first quarter of 2022. Overall, Calgary employment increased by approximately 15,000 jobs, however, employment in the traditionally office-using sectors of finance, insurance, and real estate decreased by a combined 6,600.

DEMAND: Renewed Activity as Employees Return to the Office

The public health measures implemented to combat Alberta's fourth and fifth waves of COVID-19 were mostly removed as of March 2022, allowing all workers to return freely to workplaces and public spaces without capacity limits. As tenants welcomed employees back to the office and reconsidered space requirements, over 1.4 million square feet (msf) of new leasing activity was recorded city-wide — a 63.8% increase quarter-over-quarter and 51.9% above the 10-year historical average for first-quarter activity. Expansions and relocations of mid to large tenants drove demand for Class A space, especially within the energy and legal sectors. More than twice the number of transactions over 10,000 square feet (sf) were recorded than in the previous quarter. However, as these new leases are expected to take an average of one year to be realized in occupancy, relief to the overall vacancy rate is not expected in the short term.

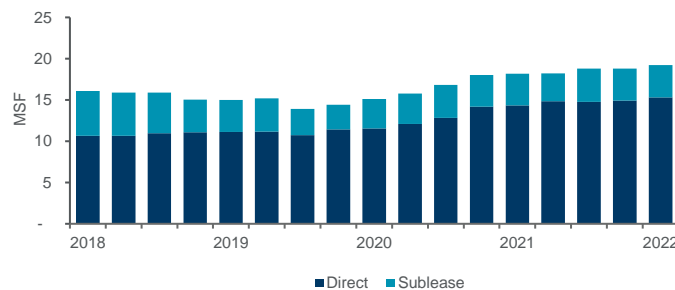
While tenants who weathered the economic downturn experienced renewed growth and opportunity, the effects of previously announced consolidations in the energy and financial sectors continued to hit Calgary's vacant office supply into the first quarter of 2022. Although increased demand for move-in-ready spaces helped offset vacant spaces entering the market, 278,952 sf of negative absorption was recorded. The overall vacancy rate climbed to 27.4% city-wide and 30.5% in Downtown Calgary. As tenants moved from large spaces in the North and South of the city, the Suburban vacancy rate reached a record 21.2%.

Amid downward pressure, overall asking rates decreased for the third consecutive quarter to \$14.86 per square foot (psf) — a modest \$0.04 psf dip from year-end 2021. In response to increased labour costs and rising inflation, some landlords shifted from offering expanded tenant improvement allowances to offering more comprehensive landlord's work.

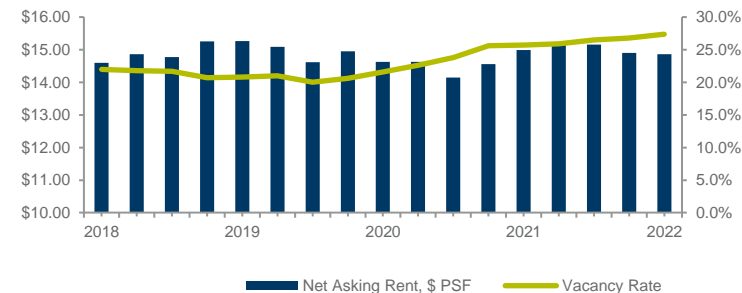
CONSTRUCTION: New Class A Office Completed at University District

Tenants moving to newly renovated spaces saw timeframes extend as ongoing supply-chain disruptions delayed build-out completions. Meanwhile, new inventory was delivered to the Calgary office market for the first time since the first quarter of 2021 when construction at University District's 'Block 23' and 'Central Block' finalized at the start of the year. Offering a combined 63,195 sf of Class A office space in Calgary's Northwest, developer University of Calgary Properties Group had pre-leased 14,335 sf by quarter-end.

DIRECT VS. SUBLEASE SPACE AVAILABILITY COMPARISON



OVERALL VACANCY & ASKING NET RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	FUTURE AVAILABILITY RATE**	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Core	20,676,628	1,473,273	3,979,331	26.4%	26.4%	-209,517	-209,517	445,090	0	\$13.69	\$16.79
East Core	16,338,699	936,998	3,243,891	25.6%	26.8%	13,614	13,614	261,779	0	\$18.63	\$19.95
West Core	7,146,787	842,336	3,013,902	54.0%	54.4%	55,402	55,402	104,063	0	\$11.09	\$14.70
DOWNTOWN SUBTOTAL	44,162,114	3,252,607	10,237,124	30.5%	31.1%	-140,501	-140,501	810,932	0	\$14.91	\$18.05
Beltline	6,509,256	229,263	1,382,594	24.8%	29.1%	6,211	6,211	156,086	0	\$13.58	\$15.14
TOTAL CENTRAL AREA	50,671,370	3,481,870	11,619,718	29.8%	30.8%	-134,290	-134,290	967,018	0	\$14.81	\$17.88
Northwest	2,354,838	12,247	351,166	15.4%	21.7%	14,800	14,800	17,579	0	\$19.84	\$25.14
Northeast	5,157,644	54,363	957,403	19.6%	18.0%	-120,996	-120,996	64,338	0	\$11.62	\$13.95
TOTAL NORTH AREA	7,512,482	66,610	1,308,569	18.3%	19.1%	-106,196	-106,196	81,917	0	\$13.59	\$17.45
Southeast	8,449,682	319,463	1,752,135	24.5%	25.5%	-128,022	-128,022	201,052	0	\$16.33	\$17.27
Southwest	3,403,938	35,840	628,318	19.5%	20.2%	89,556	89,556	155,255	0	\$13.56	\$15.00
TOTAL SOUTH AREA	11,853,620	355,303	2,380,453	23.1%	23.9%	-38,466	-38,466	356,307	0	\$15.61	\$16.75
TOTAL SUBURBAN AREA	19,366,102	421,913	3,689,022	21.2%	22.1%	-144,662	-144,662	438,224	0	\$15.05	\$16.89
CALGARY TOTALS	70,037,472	3,903,783	15,308,740	27.4%	28.4%	-278,952	-278,952	1,405,242	0	\$14.86	\$17.65

*Rental rates reflect direct net asking \$psf/year weighted on vacant space

**Future Availability rates reflect current vacant space plus space currently marketed space for lease (but not yet vacant) at the close of the quarter

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
TD Canada Trust Tower (427 7 th Avenue SW)	Central Core	Strathcona Resources	73,994	Expansion
Livingston Place South Tower (222 3 rd Avenue SW)	East Core	Tidewater Midstream & Infrastructure	68,808	Renewal*
Bankers Hall West Tower (888 3 rd Street SW)	Central Core	Canadian Natural Resources	61,655	New Lease
Bankers Hall West Tower (888 3 rd Street SW)	Central Core	Stikeman Elliott LLP	42,224	Renewal*
The Bow (500 Centre Street SE)	Central Core	Teck Resources	36,038	Expansion

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Canadian Centre (833 4 th Avenue SW)	West Core	Artis REIT / PBA Group of Companies	156,402	\$12M / \$76.73
Glendeer Professional Building (1035 64 th Avenue SE)	Southwest	Zivot Group Inc / Mitchell Eye Centre	70,000	\$5.5M / \$78.57

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