CALGARY REAL ESTATE FORUM

Calgary TELUS Convention Centre – North Building • Tuesday, October 27, 2015

Session B1 – 11:20am

UPDATE ON THE DOWNTOWN AND SUBURBAN OFFICE MARKET

Moderator:

Greg Kwong, Executive Vice President & Managing Director, CBRE Limited

Panel:

Dwight Jack, Senior Vice President, Office Leasing, Brookfield Property Partners

Sean McCullough, Executive Vice President, Strategic Group

Ryan Remington, Vice President Leasing & Land Sales, Remington Development Corporation

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ATB Corporate Financial Services™

DOWNTOWN OFFICE MARKET

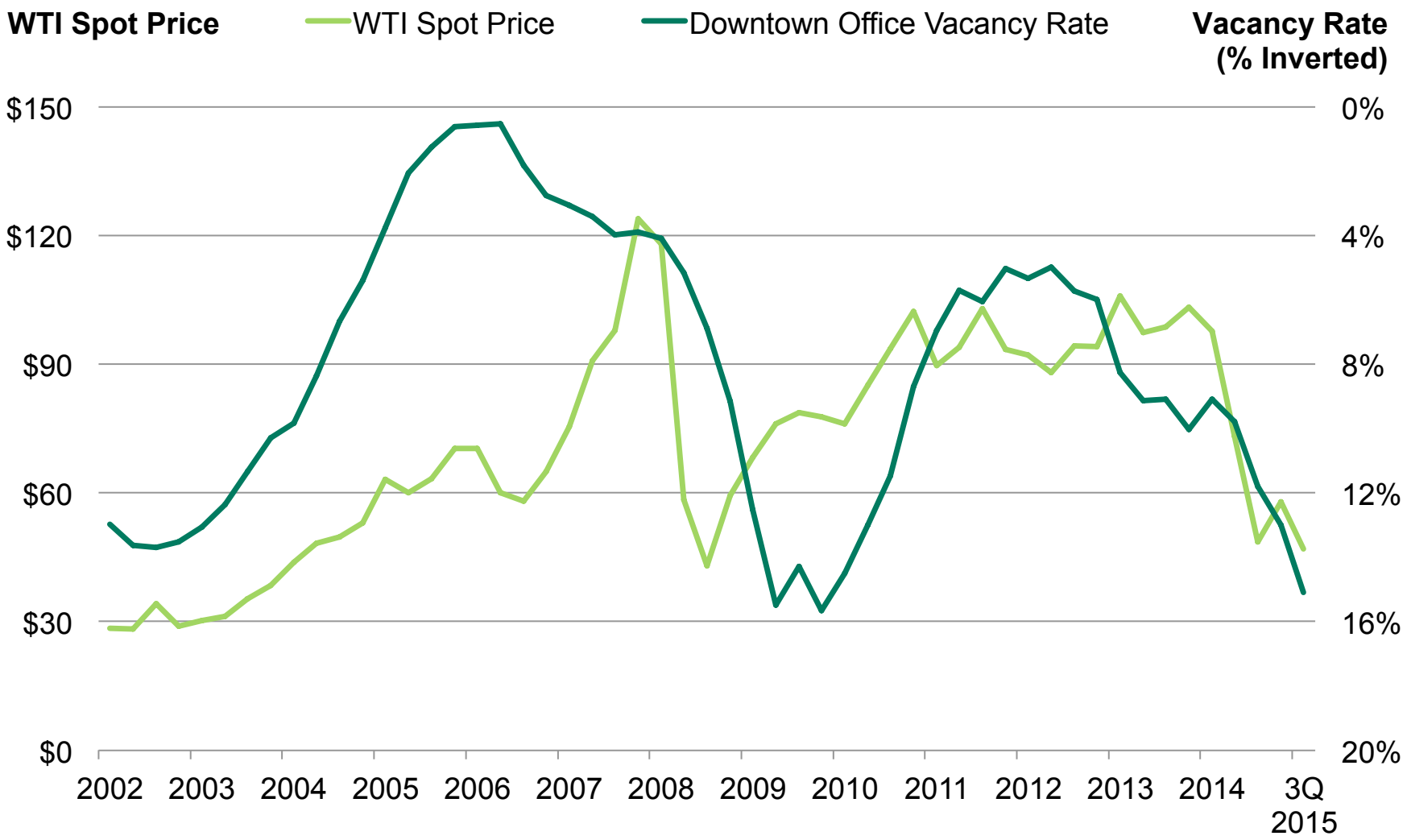
CBRE LIMITED

October 2015

CBRE

CALGARY DOWNTOWN OFFICE | Q3 2015

WTI Price & Vacancy



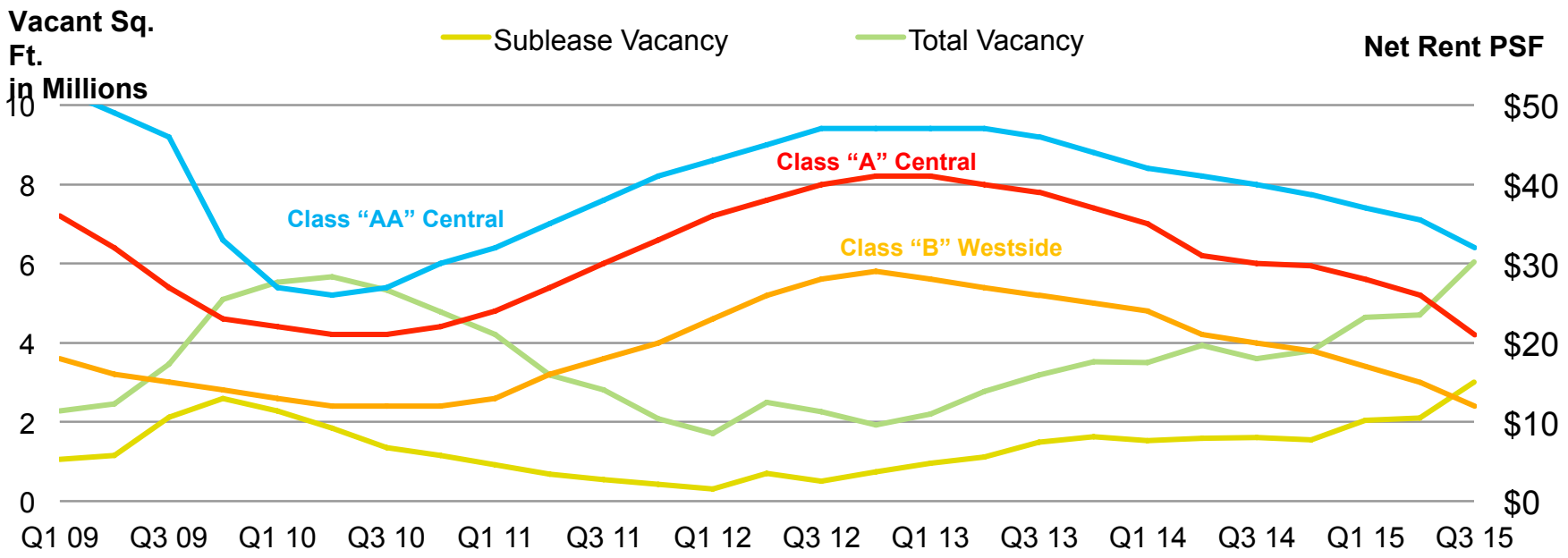
CALGARY DOWNTOWN OFFICE | Q3 2015

Downtown Summary

Class	Inventory (Sq. Ft.)	Vacancy Rate (%)	Q3 2015 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Sublease (Sq. Ft.)
Class AA	13,320,565	7.6%	-105,879	-314,191	712,304
Class A	11,876,549	14.3%	-125,064	-543,404	1,051,871
Class B	9,905,236	20.9%	-235,230	-792,037	751,400
Class C	4,047,226	20.3%	-31,607	-186,224	251,749
Class D	55,000	10.0%	-955	1,023	0
Downtown Total	39,204,576	14.3%	-498,735	-1,843,833	2,767,324

CALGARY DOWNTOWN OFFICE | Q3 2015

Rental Rates and Trends

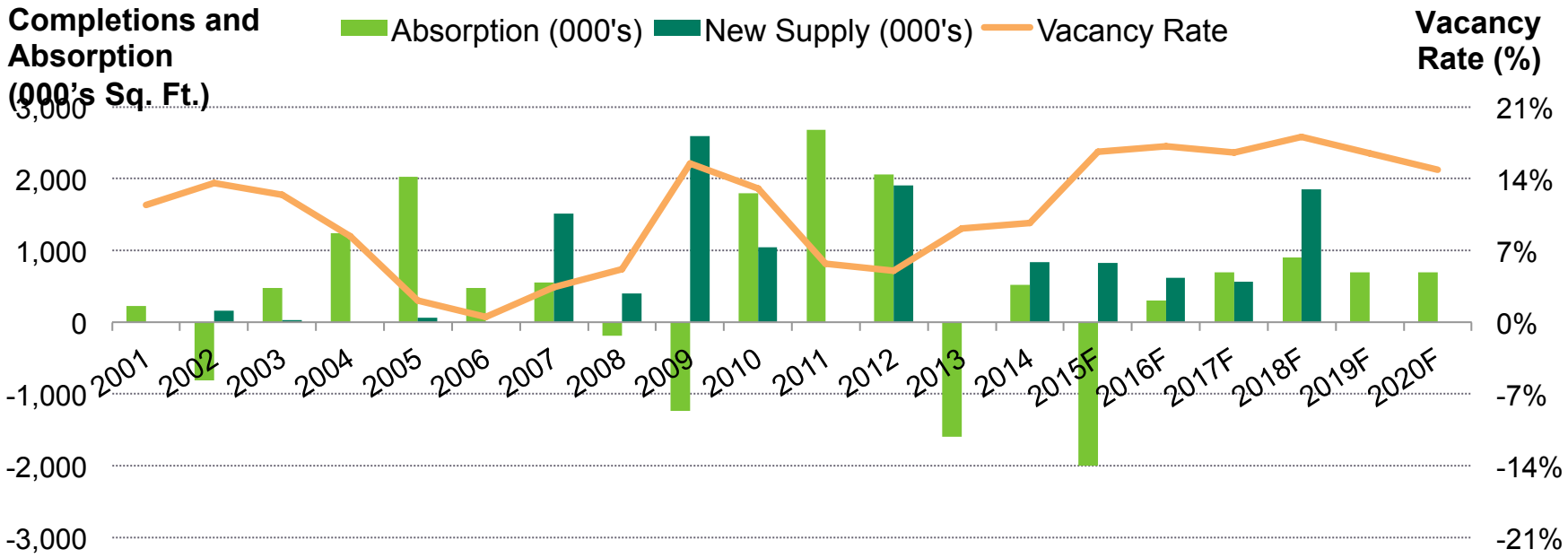


Current Weighted Headlease Asking Net Rent (PSF)*		
Building Quality	Rental Rate	Change
"AA"	$29.60	↓
"A"	$20.89	↓
"B"	$19.36	↓
"C"	$13.18	

Weighted Op. Costs & Taxes (PSF)*	
Building Quality	2015 Op Costs
"AA"	$22.68
"A"	$22.01
"B"	$19.44
"C"	$16.79

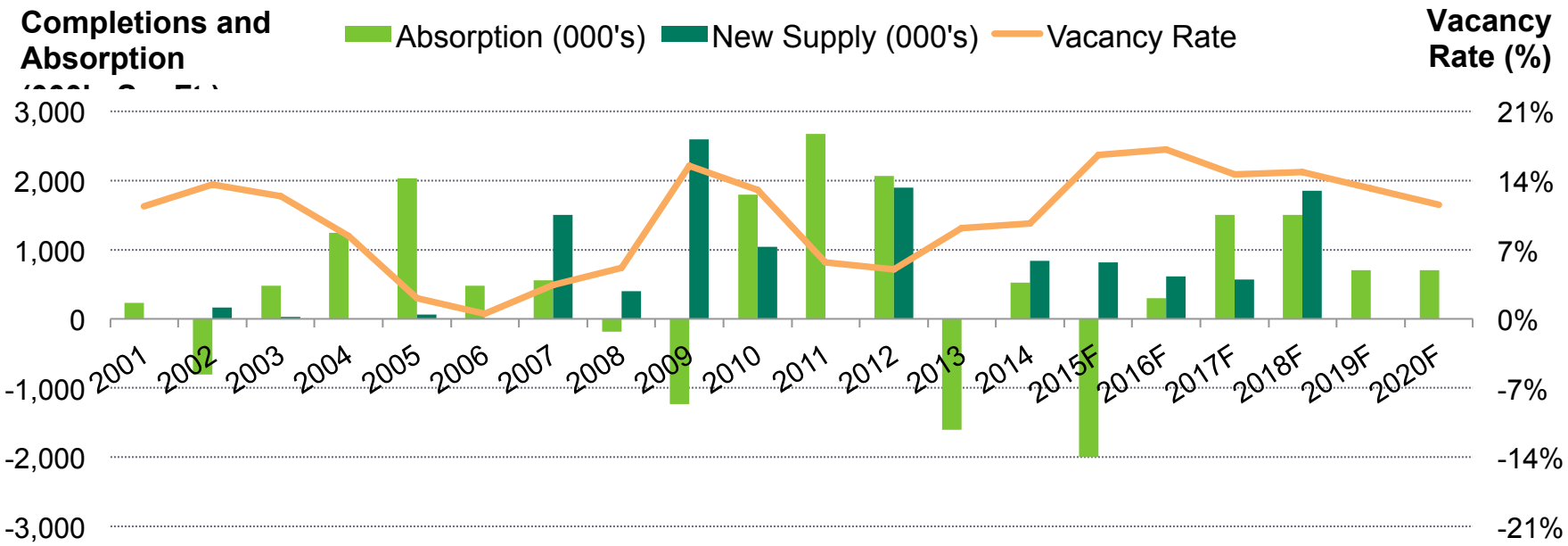
*Vacant Space excludes SUBLEASE

WHAT'S AHEAD | SLOW REBOUND



Year	Inventory Sq. Ft.	Projected Absorption*	Vacancy Rate (%)	Vacant Sq. Ft.	New Supply Sq. Ft.	Buildings Delivered
2014	39,291,230	519,000	9.80%	3,845,944	841,000	EAP West
2015F	40,111,230	-2,000,000	16.62%	6,665,944	820,000	Calgary City Centre
2016F	40,726,230	300,000*	17.14%	6,980,944	615,000	Eau Claire Tower
2017F	41,290,230	700,000*	16.58%	6,844,944	564,000	Manulife Tower
2018F	43,140,230	900,000*	18.07%	7,794,944	1,850,000	Brookfield Place, Telus Sky
2019F	43,140,230	700,000*	16.45%	7,094,944	0	
2020F	43,140,230	700,000*	14.82%	6,394,944	0	

WHAT'S AHEAD | QUICK REBOUND



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2017F	41,290,230	1,500,000*	14.64%	6,044,944	564,000	Manulife Tower
2018F	43,140,230	1,500,000*	14.82%	6,394,944	1,850,000	Brookfield Place, Telus Sky
2019F	43,140,230	700,000*	13.20%	5,694,944	0	
2020F	43,140,230	700,000*	11.58%	4,994,944	0	

SUBURBAN OFFICE MARKET

CBRE LIMITED

October 2015

CBRE

CALGARY SUBURBAN OFFICE | Q3 2015

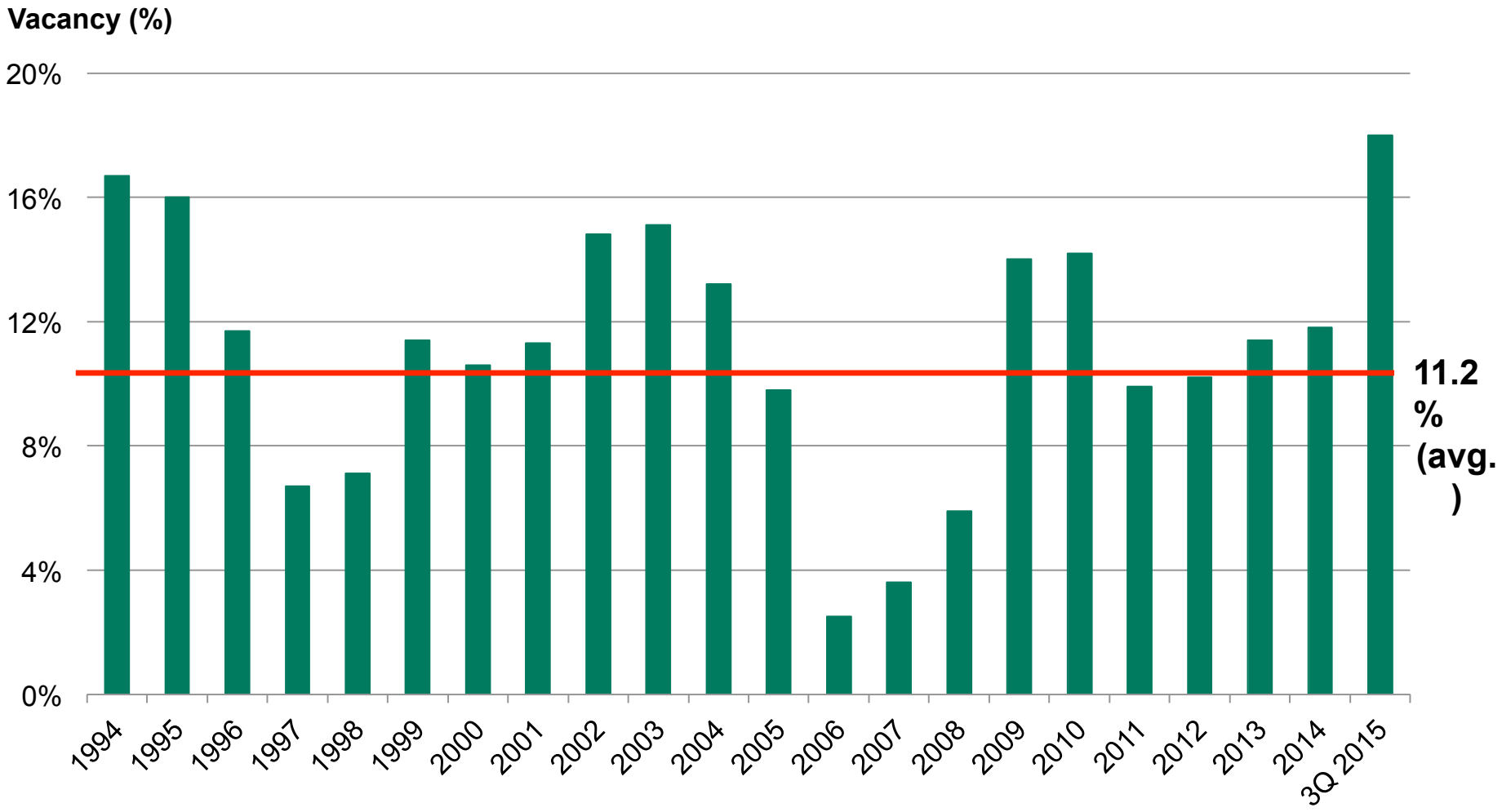
Suburban Summary

Overall Suburban Vacancy Rate	**18.0%**
Suburban Net Asking Rate	**$20.37 per Sq. Ft.**
Year-to-date Net Absorption	**-598,137 Sq. Ft.**

Class A	Class B	Class C
Vacancy: 20.7%	Vacancy: 12.9%	Vacancy: 18.7%
Net Asking: $23.13 per sq.ft.	Net Asking: $16.84 per sq.ft.	Net Asking: $14.20 per sq.ft.
Net Absorption: -508,333 sq.ft.	Net Absorption: -67,067 sq.ft.	Net Absorption: -22,737 sq.ft.

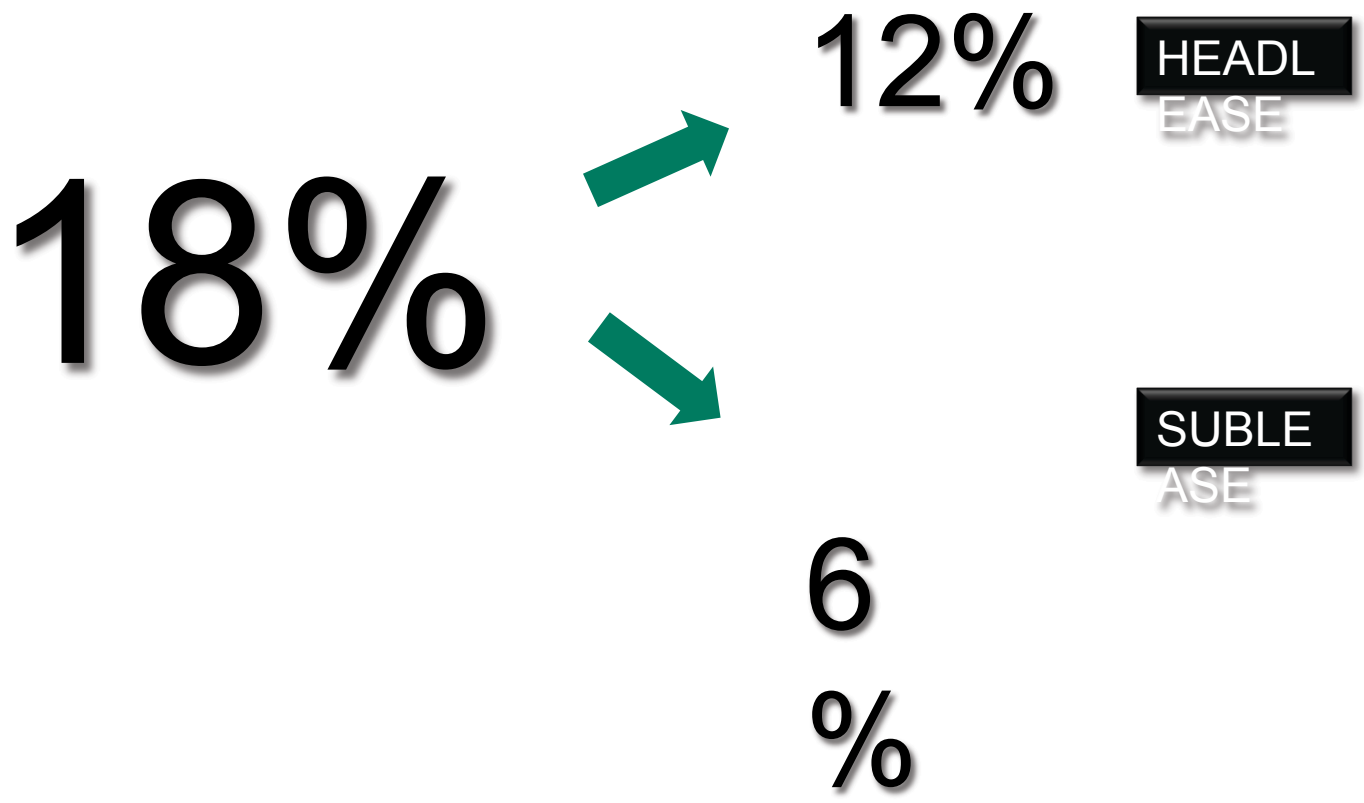
CALGARY SUBURBAN OFFICE | Q3 2015

Overall Suburban Vacancy Rate (%)



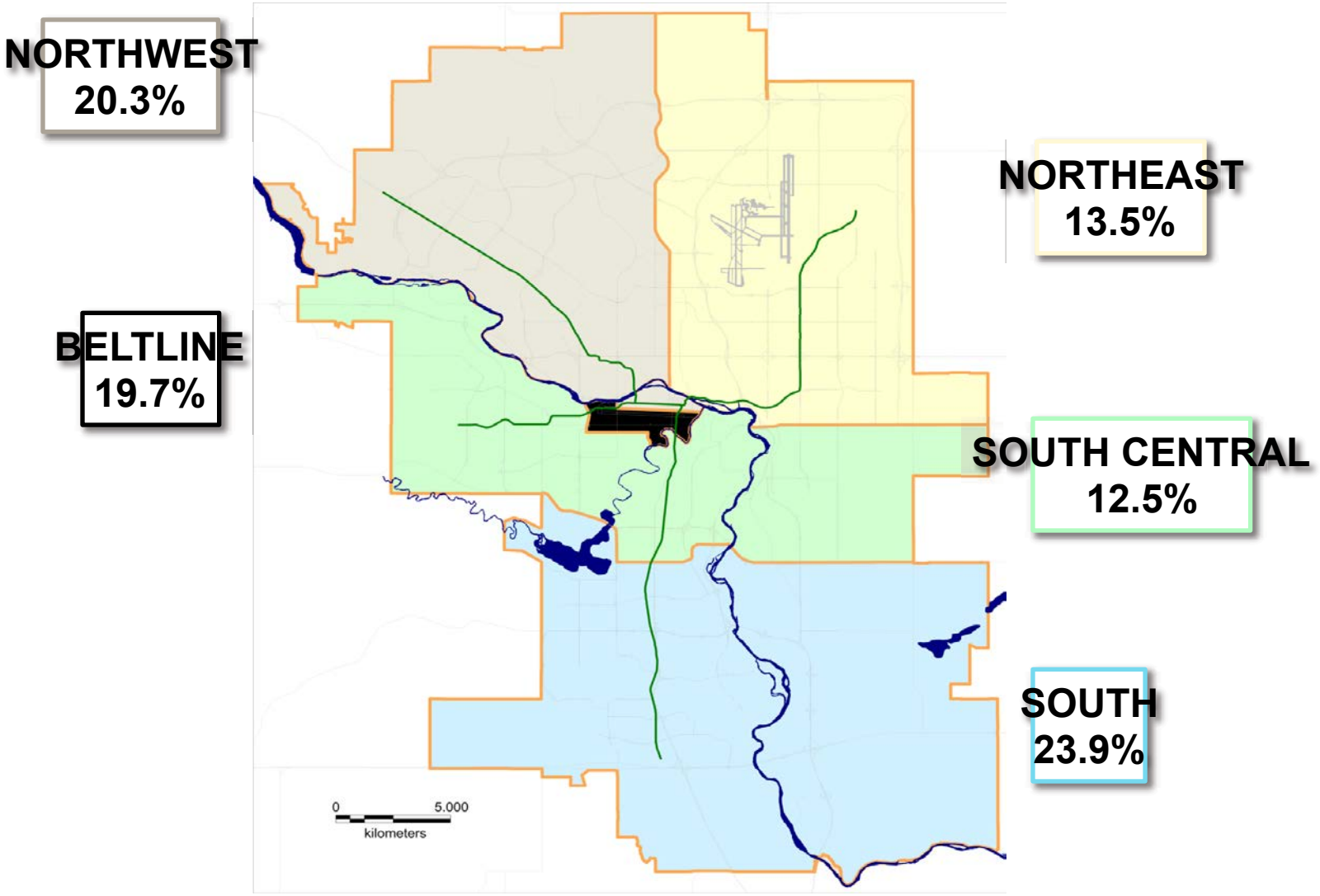
CALGARY SUBURBAN OFFICE | Q3 2015

Vacancy Breakdown

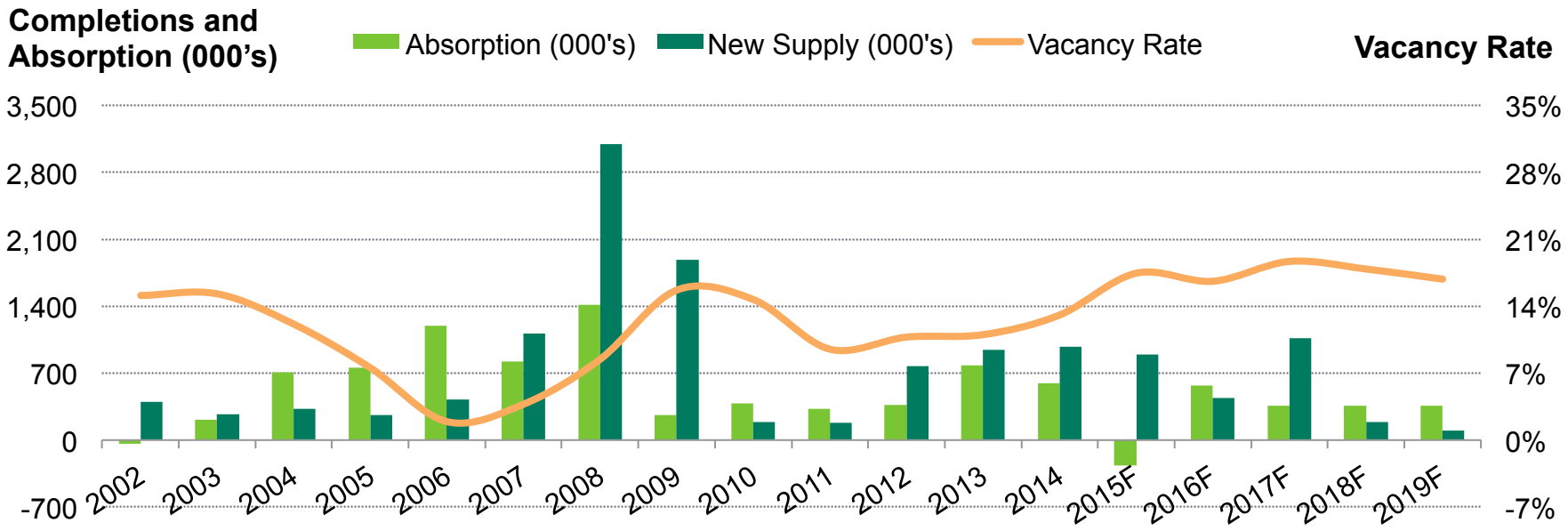


CALGARY SUBURBAN OFFICE | Q3 2015

Vacancy by Submarket



WHAT'S AHEAD | SUBURBAN PROJECTION



Year	Inventory Sq. Ft.	Projected Absorption*	Vacancy Rate (%)	Vacant Sq. Ft.	New Supply Sq. Ft.	Buildings Delivered
2014	23,102,752	596,222	13.09%	3,023,245	977,446	Britannia Crossing, 11th Avenue Place, Quarry Crossing A, Meredith Block
2015F	24,001,077	-269,500	17.46%	4,191,070	898,325	Quarry Crossing B, Crowfoot 75, Garrison Corner, Imperial Oil Phases 2-4
2016F	24,442,218	571,250	16.61%	4,060,961	441,141	Seton Professional, Computer Modelling Group Headquarters, The Odeon
2017F	25,504,703	356,000*	18.69%	4,767,446	1,062,485	Place 10 East, Quarry

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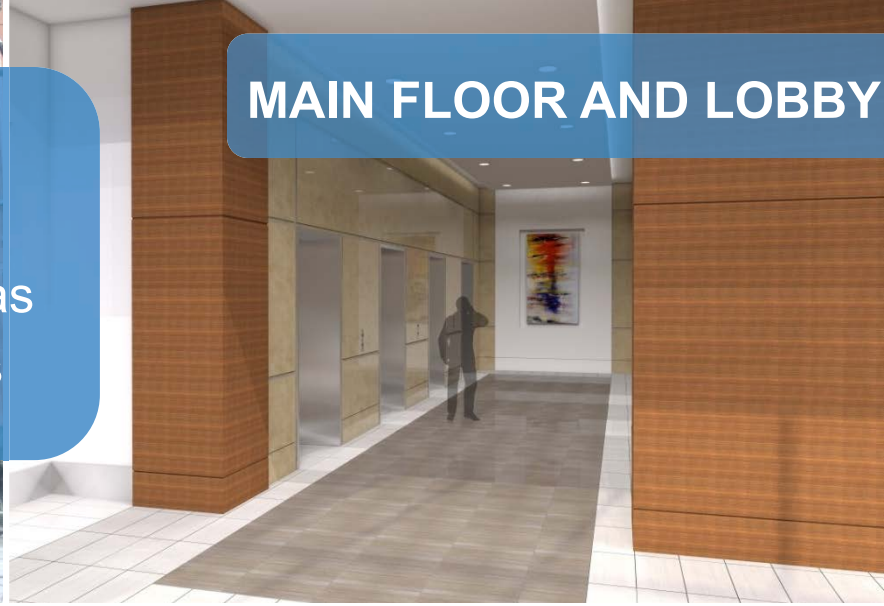
dream
Barclay Centre
444 – 7th Avenue SW

- 100,000 SF opportunity
- 27,000 SF floor plates
- Fully upgraded lobby and common areas
- New Fitness and Conference Amenities



MAIN FLOOR AND LOBBY

FITNESS AND CONFERENCE CENTRE

840 – 7th Ave SW

- 100,000 SF opportunity
- Show suites and full floor availability
- Upgraded lobby and common areas
- Strong parking ratio, +15 connectivity

Renovation Plans

MAIN FLOOR, +15 AND LOBBY

dream
First Tower
411 – 1st Street SE
• Complete upgrade of lobby and plaza
• 26,000 SF floor plates
• 350,000 SF availability
• Existing First Class Leaseholds
• River views and +15 connection to the Bow
HR
REIT

TELUS
HR
REIT

dream

ONE

201 Tenth Avenue Southeast
Calgary, Alberta

A BETTER WAY TO WORK & LIVE

- Beltline (Victoria Park) Mixed Use Development
- Floors: 32
- Square Footage:
  - Office: 100,000 sqft.
  - Retail: 10,000 sqft.
  - Residential: 227 rental units
- Parking: 1:500 (323 stalls on 6 UG levels)
- LEED Platinum office & Building Green HD residential
- Extensive amenities
  - Sundeck, fitness centre, kitchen, meeting room, fireplace, event space, yoga room, games room, car & dog wash
- Tower roof top deck
- Proximity to downtown, LRT, Bow River pathway & East Village

ONE

MOBILIZATION
WINTER 2015

FORMOST.
SINGULAR.
DISTINCTIVE.
FIRST.

COMPLETION
WINTER 2017

ONE

WHERE
WORK,
LIVE
AND
PLAY
MEET
AS ONE
ONE
SIGNAGE

TERRACE LOUNGE & BBQ CENTRE

OUTDOOR TERRACE & FIRE PITS

FITNESS CLUB

GAMES LOUNGE

EMPLOYEE LOUNGE

FIRST. FORMOST. SINGULAR.
DISTINCTIVE. ONE.

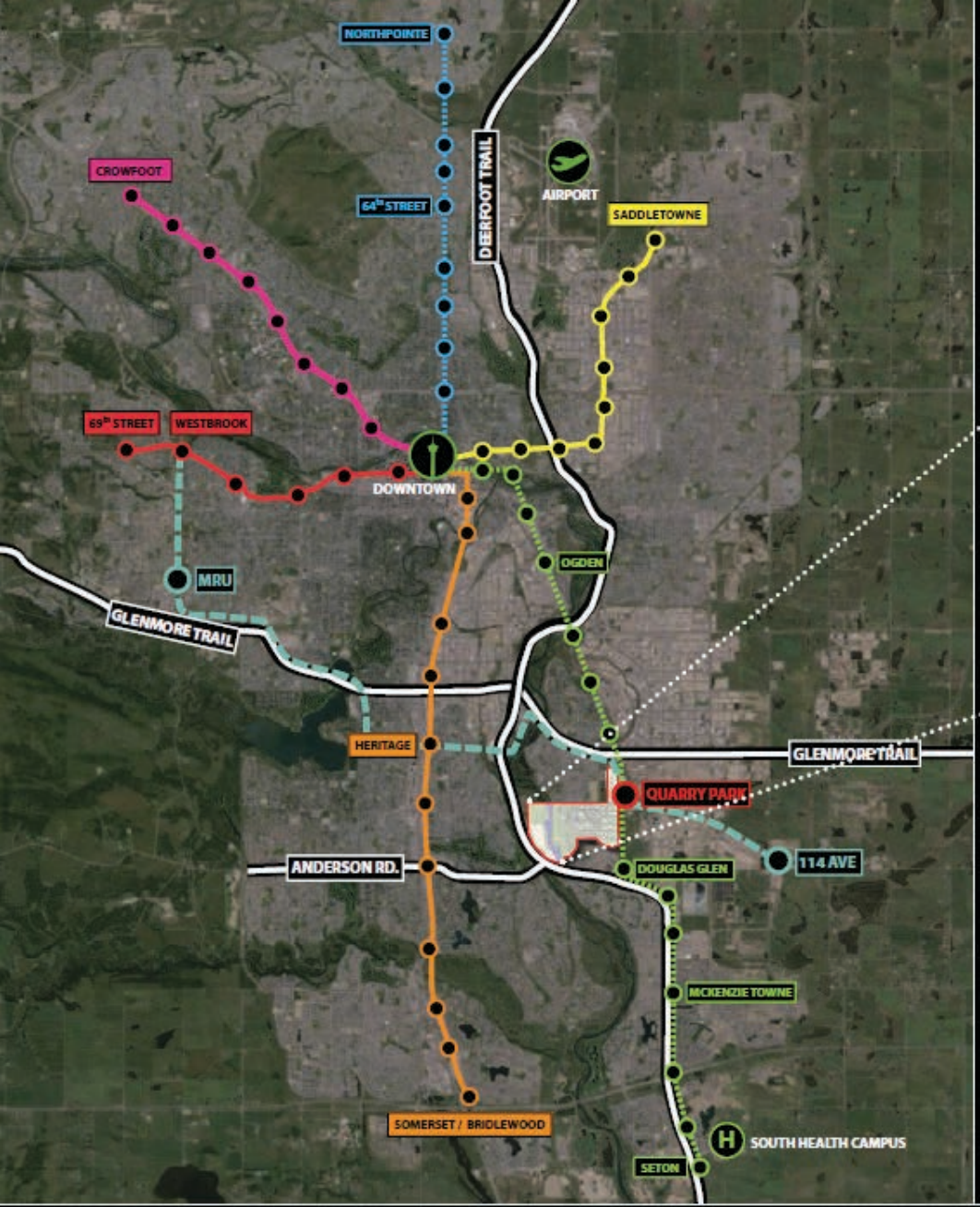
ONE

201 Tenth Avenue Southeast
Calgary, Alberta

STRATEGIC

- 385 ACRE (FORMERLY 314 ACRE) MIXED-USE DEVELOPMENT
- 4 MILLION SQ. FT. OF OFFICE/BUSINESS PARK DEVELOPMENT AT FULL BUILD OUT
- 15,000 – 18,000 EMPLOYEES BY FULL BUILD OUT
- 104,700 SQ. FT. OF RETAIL
- 7500 – 10,000 RESIDENTS IN A RANGE OF 2200 RESIDENTIAL UNITS
- OVER 85 ACRES OF PARKS AND OPEN SPACE
- CHILD CARE FACILITY BY SEPT. 2016
- RECREATION CENTRE BY 2016
- HOTEL BY 2019

PAST & PRESENT



BUS ROUTES:

ROUTE 110

ROUTE 136

ROUTE 302 BRT

FUTURE LRT STATION

PROPOSED LRT: SOUTHEAST GREEN LINE

PROPOSED LRT: CENTRE STREET LINE

EXISTING LRT: SOUTHWEST LINE

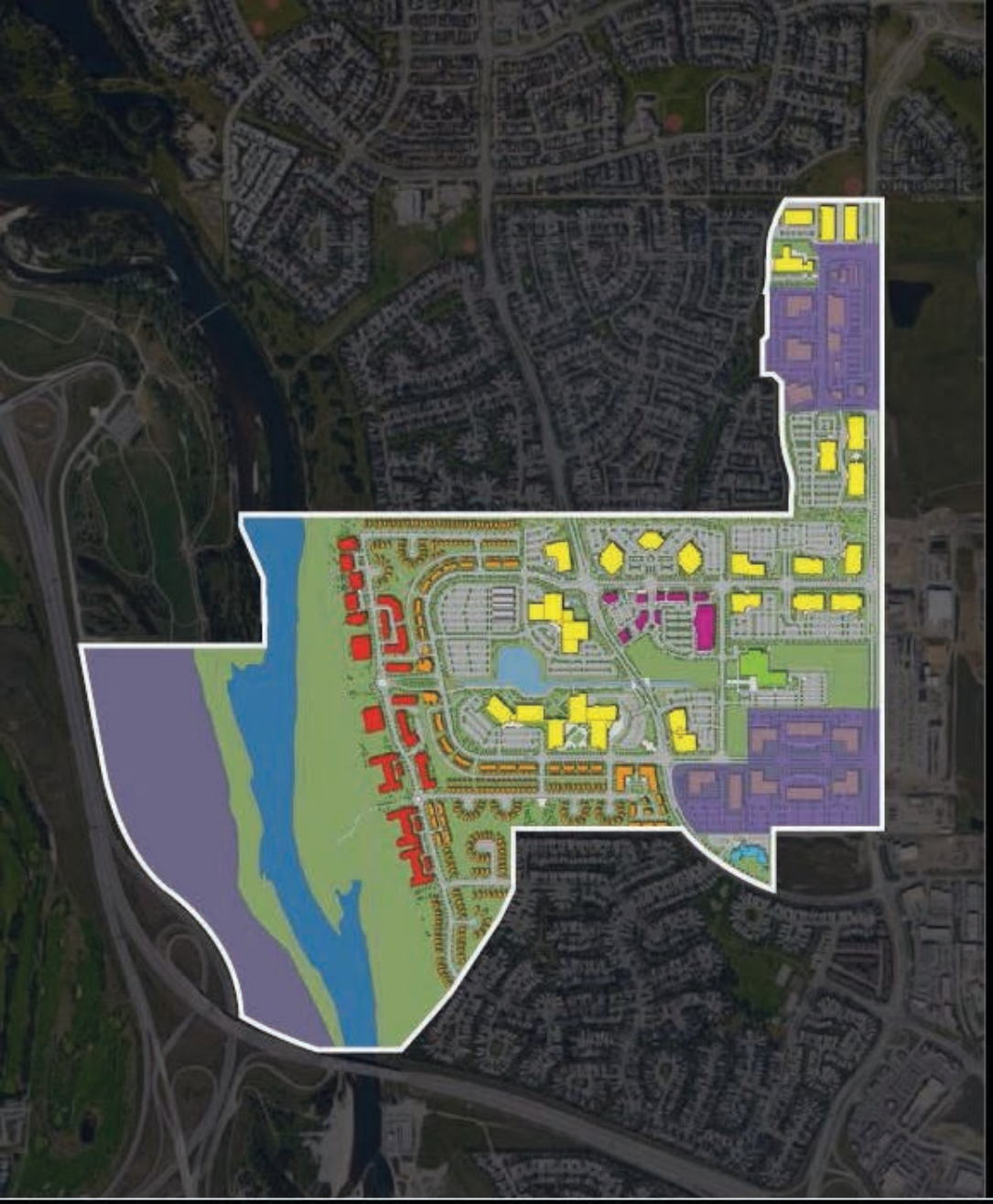
EXISTING LRT: NORTHEAST LINE

EXISTING LRT: NORTHWEST LINE

EXISTING LRT: WEST LINE

SOUTHWEST CROSSTOWN BRT

TRANSIT [EXISTING & PROPOSED]



Quarry Park

- RESIDENTIAL - MULTIFAMILY
- RESIDENTIAL - SINGLE FAMILY & TOWNHOMES
- OFFICE & BUSINESS PARK
- THE MARKET
- RECREATION FACILITY
- CHILD DEVELOPMENT CENTRE
- FUTURE DEVELOPMENTS

SITE MAP

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