

2017 YTD DOWNTOWN OFFICE MARKET SNAPSHOT

Quarter	Inventory Bldgs	Inventory SF	Available SF Headlease	Available SF Sublease	Total Available SF Headlease & Sublease	Available Percent % Headlease	Available Percent % Sublease	Total Vacancy % Headlease & Sublease	Net Absorption* SF Total
QTD	147	43,180,183	7,112,188	3,781,428	10,841,789	16	8.5	24.3	-416,568
2017 Q1	146	42,597,084	6,343,474	4,133,574	10,425,221	14.2	9.3	23.4	-64,391
2016 Q4	146	42,597,084	6,237,273	4,175,384	10,360,830	14	9.4	23.2	412,771
2016 Q3	146	42,597,084	6,111,452	4,713,976	10,773,601	13.7	10.6	24.2	-171,364
2016 Q2	146	42,597,084	6,129,787	4,524,277	10,602,237	13.8	10.1	23.8	-1,240,878

*Net absorption is the amount of space leased within a market or sub-market over a period of time. It represents the demand for office space. As demand for office goes up - vacancy decreases and absorption is positive. As corporations downsize and previously occupied space comes to the market - vacancy increases and absorption is negative.

There is more than 10 million square feet of office space sitting empty in the downtown core with more surplus space coming on to the market every month.

The heady days of \$100 plus per barrel oil spurred a building boom of which the vestiges will be coming to the downtown office market over the next 18 months.

Brookfield Place, which is expected to be completed in Q4, will add another 1.4 million square feet of office space to the downtown inventory and will contribute to pushing vacancy rates close to the 28% range this year.

Mergers & Acquisitions are going to be the big story in 2017

M & A activity in the energy sector is expected to impact the office market as strong companies hunt for bargains and international and struggling domestic players unload non-core assets. M & A's tend to result in empty offices and the latest round in Calgary is following suit.

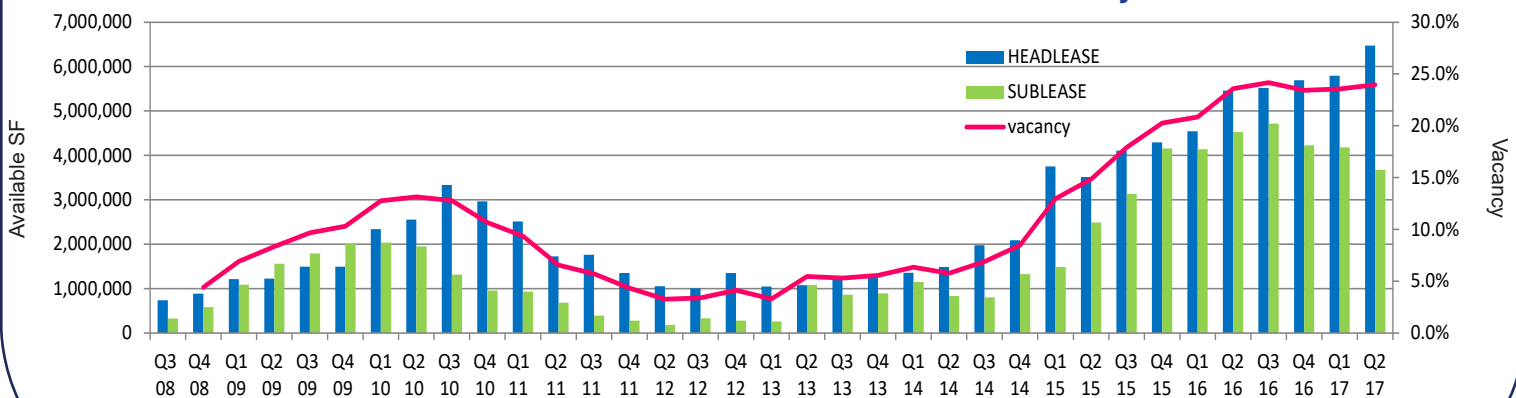
Enbridge has said it is cutting about 1,000 jobs following the takeover of Houston-based Spectra Energy to address overlap in the workforce and ConocoPhillips has announced plans to lay off 300 employees after the company announced plans last month to sell most of its Canadian assets to Cenovus Energy.



BROOKFIELD PLACE I
225 6th Avenue SW
Developer: Brookfield
Size: 1,400,000 sf

2017 and 2018 will see an additional 2.4 million square feet of new office space with the completion of 707 Fifth Avenue and Brookfield Place in 2017 and Telus Sky in Q2 2018.

Historical Downtown Headlease - Sublease Vacancy



2017 YTD BELTLINE OFFICE MARKET SNAPSHOT

Quarter	Inventory SF	Available SF Headlease	Available SF Sublease	Total Available SF	Available Percent % Headlease	Available Percent % Sublease	Total Available Percent %	Net Absorption SF Total*
QTD	8,308,042	1,129,126	290,522	1,411,796	13.7	3.5	17.1	-92,066
2017 Q1	8,292,841	989,621	330,109	1,319,730	12	4	16	21,243
2016 Q4	8,292,841	977,073	361,031	1,338,104	11.9	4.4	16.2	-47,928
2016 Q3	8,292,841	1,032,553	357,510	1,390,063	12.6	4.3	16.9	-80,736
2016 Q2	8,292,841	965,503	408,126	1,373,629	11.7	5	16.7	102,325
2016 Q1	8,152,841	960,117	323,623	1,283,740	11.7	3.9	15.6	-99,907

The high vacancy rate and voluminous amount of sublease space in the downtown market is drawing bargain shopping Beltline tenants to the downtown core.

Several sizable tenants have found new homes in the downtown market with landlords offering generous tenant inducements such as free rent, aggressive rental rates and generous improvement allowances.



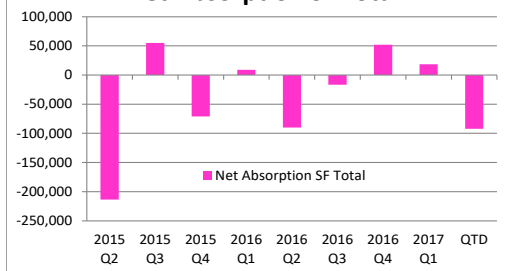
ATCO Group recently put 80,000 sf of office space on the market. This is the first of 250,000 sf that will be added to the Beltline inventory early next year when ATCO move to their new office campus in South Calgary.

The Beltline market witnessed positive absorption as 2017 got underway, however vacancy has been creeping back over the last couple of months.

The last month saw vacancy jump a full point.

The Beltline market is expected to remain static for the balance of the year.

Net Absorption SF Total



Net absorption is the amount of space leased within a market or sub-market over a period of time. It represents the demand for office space. As demand for office goes up - vacancy decreases and absorption is positive. As corporations downsize and previously occupied space comes to the market - vacancy increases and absorption is negative.

Historical Beltline Headlease - Sublease Vacancy

