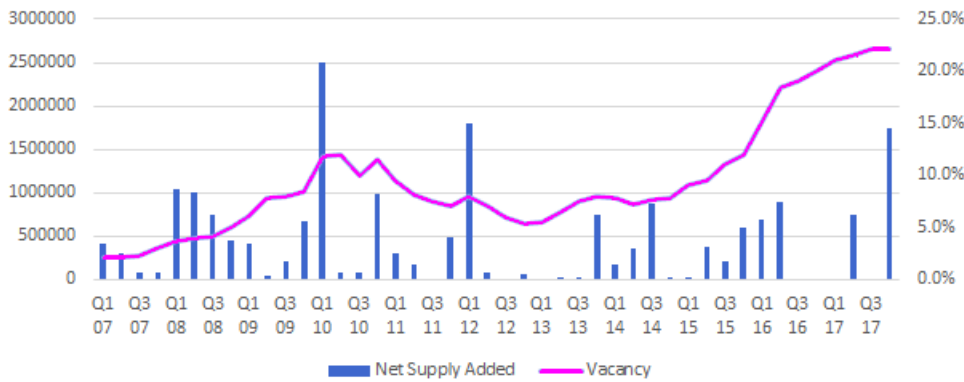


2017 Q3 OFFICE MARKET SNAPSHOT

Net Supply Added Calgary Office Market



The Calgary office market currently has 68 million square feet of office space .

A substantial amount of new office space has been added during the economic downturn (almost 5 million square feet between mid 2013 and mid 2016 which has contributed to a dramatic climb in the overall vacancy rate.

There is another 2.5 million square feet under construction with more than one third of that space still available for lease.

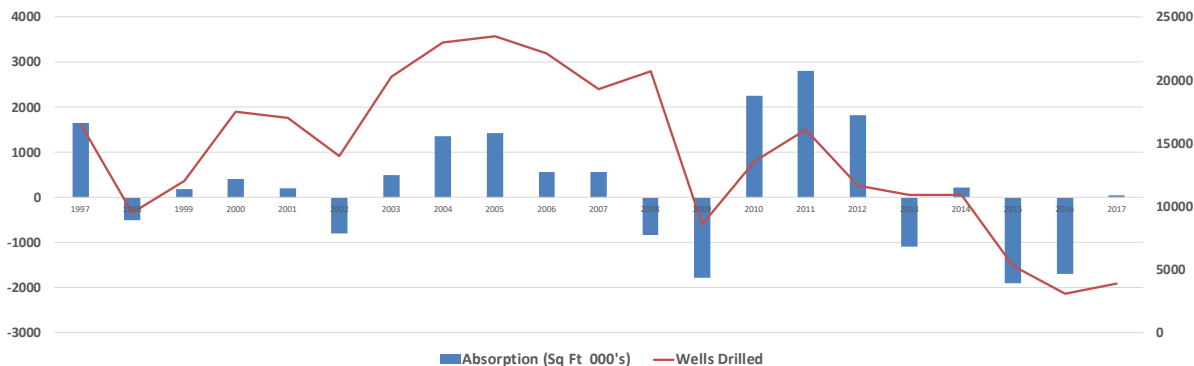
Calgary's new office supply spike will end in 2018 with a 12 year total of 22 million square feet.

Calgary's previous, and more dramatic new office supply spike ended in 1983 with a stunning 5 year total of almost 24 million square feet.

573 properties / 1,791 spaces

Change Criteria	Analytics	Properties	Spaces	Lease Analysis	Demographics	Changes	Map
Show Criteria	<input checked="" type="checkbox"/>	Address			Name		SF Avail
Print Reports	<input type="checkbox"/>	5718 1A St SW					7
Tour Order	<input type="checkbox"/>	815 1st St SW			Grain Exchange Building		4
Add Properties	<input type="checkbox"/>	1011 1st St SW			Paragon Building		21
Added/Removed	<input type="checkbox"/>	4702 1st St SW					1
Save Survey	<input type="checkbox"/>	5700 1st St SW					2
Lookup Property	<input type="checkbox"/>	450 2nd Ave SW			Millennium Tower		145
Property Search	<input type="checkbox"/>	6120 2nd St SE			Building A		35
For Lease Search	<input type="checkbox"/>	215 2nd St SW			Calgary City Centre		196
Retail Search	<input type="checkbox"/>	407 2nd St SW			Canada Place		79
Shop Ctr Search	<input type="checkbox"/>	700 2nd St SW			Scotia Centre		206
Analytic Search	<input type="checkbox"/>	2204 2nd St SW					15
My Surveys	<input type="checkbox"/>	2206-2210 2nd St SW					85
Slide Show	<input type="checkbox"/>	5800-5810 2nd St SW					6
Export Data	<input type="checkbox"/>	2750 3rd Ave NE					2
Suggestions	<input type="checkbox"/>						

Wells Drilled v Absorption of Office Space



Although Calgary is seeing more diversification, the oil industry is still driving the Downtown and Beltline office markets

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	23.5	143,200
2017 Q1	146	42,597,084	6,343,474	4,133,574	10,425,221	14.2	9.3	23.9	-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.

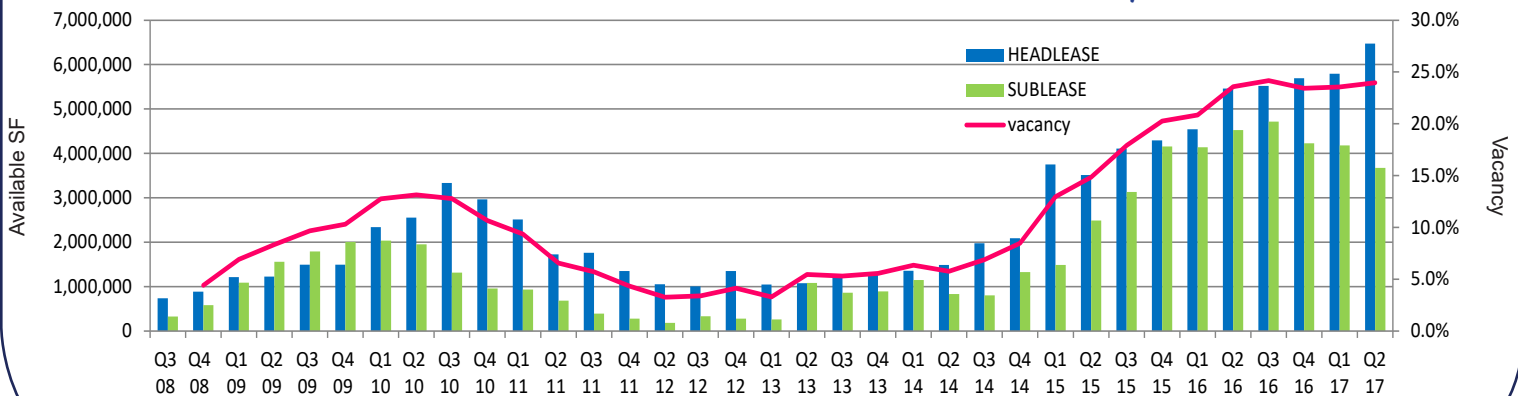
Enbridge has said it is cutting about 1,000 jobs following the takeover of Houston-based Spectra Energy to address overlap in the workforce and ConocoPhillips has announced plans to lay off 300 employees after the company announced plans last month to sell most of its Canadian assets to Cenovus Energy.



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 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	43,130,431*	7,200,795	3,311,341	10,460,309	16.7	7.7	24.2	57,785
2017 Q1	146	42,597,084	6,343,474	4,133,574	10,425,221	14.2	9.3	23.9	-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

* Brookfield Place added to downtown inventory

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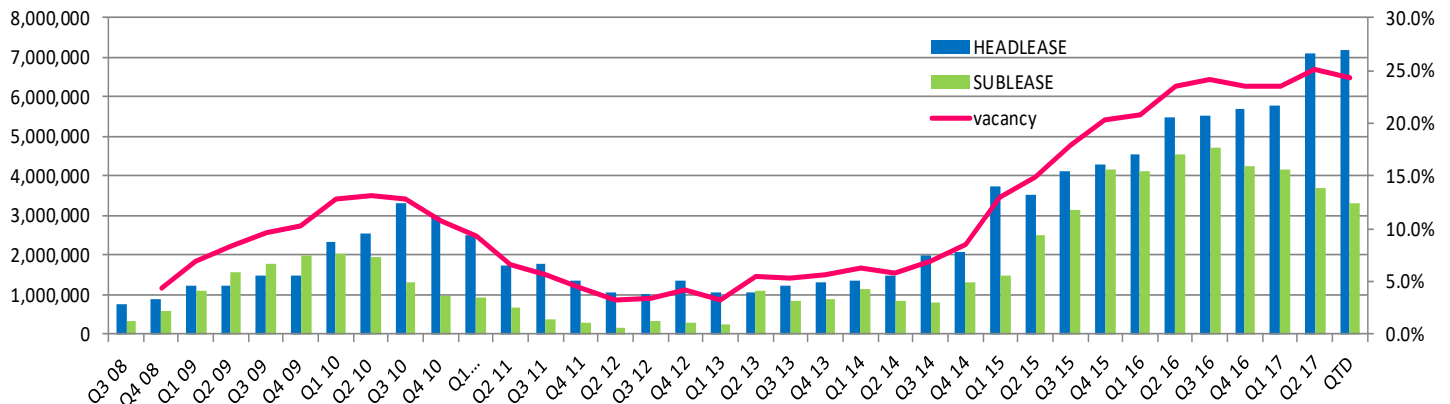
Mergers & Acquisitions are going to be the big story in 2017

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



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	940,885	295,666	1,236,551	11	3.6	15.2	-12,347
2017 Q1	8,292,841	876,365	282,412	1,158,777	10.7	3.1	14.4	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 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.

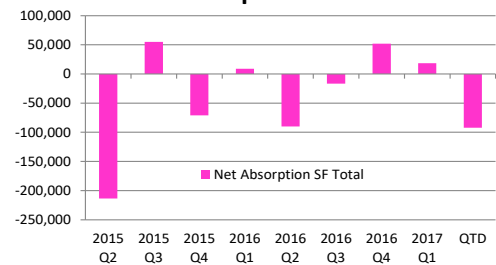
The high vacancy rate and voluminous amount of sublease space in the downtown market is drawing bargain shopping Beltline tenants to the downtown core.

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.

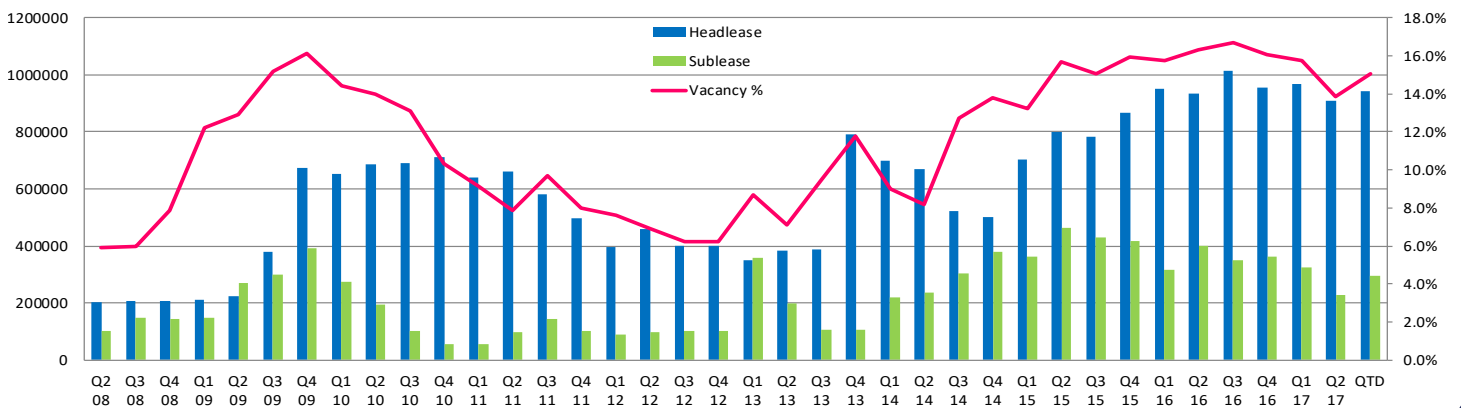


ATCO Group recently put 80,000 sf of office space on the market. This is the first of 250,000 sf that will be added to the Beltline inventory early next year when ATCO move to their new office campus in South Calgary.

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.



2017 YTD SUBURBAN OFFICE MARKET SNAPSHOT

Quarter	Inventory Bldgs	Inventory SF	Total Vacancy SF Headlease	Total Vacancy SF Sublet	Total Vacancy SF Total	Total Vacancy Percent % Headlease	Total Vacancy Percent % Sublet	Total Vacancy Percent % Total	Net Absorption SF Headlease
QTD	284	16,316,038	2,637,072	1,328,942	3,949,117	16.1	8.1	24.1	-115,341
2017 Q2	284	16,316,038	2,656,873	1,335,940	3,975,916	16.2	8.2	24.3	-6,344
2017 Q1	282	16,226,838	2,700,757	1,409,787	4,064,704	16.5	8.6	24.8	-24,967
2016 Q4	282	16,226,838	2,676,541	1,542,217	4,176,158	16.4	9.4	25.5	-33,251
2016 Q3	282	16,226,838	2,545,433	1,460,875	3,989,411	15.6	8.9	24.4	138,061
2016 Q2	280	16,106,725	2,449,016	1,392,383	3,841,399	15	8.5	23.5	257,099
2016 Q1	276	15,629,998	2,284,473	902,106	3,186,579	14	5.5	19.6	-25,109
2015 Q4	275	15,600,452	2,385,287	984,509	3,333,696	14.7	6	20.5	98,474
2015 Q3	271	15,148,280	2,347,734	588,840	2,936,574	14.5	3.6	18.1	97,729
2015 Q2	267	14,899,727	2,137,726	573,434	2,711,160	13.3	3.6	16.9	-6,522
2015 Q1	267	14,899,727	2,052,915	529,075	2,581,990	12.8	3.3	16.1	173,098

Three new developments were completed in Q2 bringing 169,000 square feet of new office space to the market. Only one, the CMG Building in the Northwest, which was purpose built for the Computer Modelling Group is fully leased.



CMG Building 90,000 SF

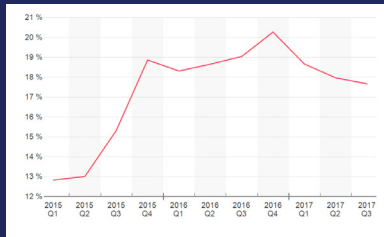
The Link at Royal Oak was also completed in Q2, adding 30,000 square feet of new, unleased space to the Northwest inventory.

In the Northeast market, the Geo Spectrum Building was completed contributing 49,000 square feet of unleased office space to the Northeast market.



ATCO Commercial Centre

ATCO Commercial Centre is slated for completion in Q4. The building will be fully occupied by ATCO however, the company will be leaving behind almost 300,000 square feet of vacant office space in the Belt-line.



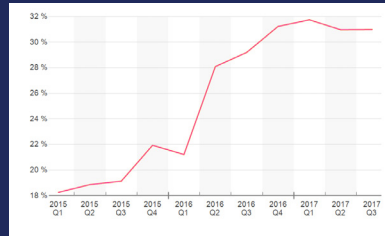
NE YTD Vacancy



South Central YTD Vacancy

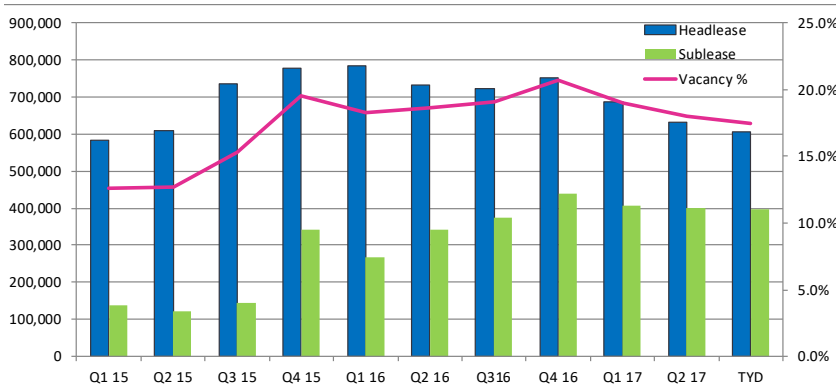


NW YTD Vacancy



South YTD Vacancy

Historical Suburban Headlease - Sublease Vacancy



Suburban Net Absorption

