

2018 QTD DOWNTOWN OFFICE MARKET SNAPSHOT

Quarter	Inventory SF	Available SF Direct	Available SF Sublet	Available SF Total	Vacancy %	**Net Absorption SF Total
QTD	45,309,085	8,352,000	3,010,755	11,362,755	24.7	-166,415
2018 Q2	45,309,085	8,418,297	3,121,212	11,539,509	25	189,213
2018 Q1	45,309,085	8,419,125	3,148,765	11,567,890	25.1	127,898
2017 Q4	45,309,085	8,201,052	3,693,189	11,894,241	25.8	774,684
2017 Q3	43,909,085	7,937,186	3,674,881	11,612,067	25.2	-8,416
2017 Q2	43,909,085	7,693,669	3,980,434	11,674,103	25.3	112,501
2017 Q1	43,356,044	6,964,579	4,303,109	11,267,688	24.5	-45,975
2016 Q4	43,356,044	6,807,251	4,328,597	11,135,848	24.2	-67,394
2016 Q3	43,356,044	6,751,289	5,237,491	11,988,780	26	-1,006,590

* Brookfield Place added to downtown inventory

**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.

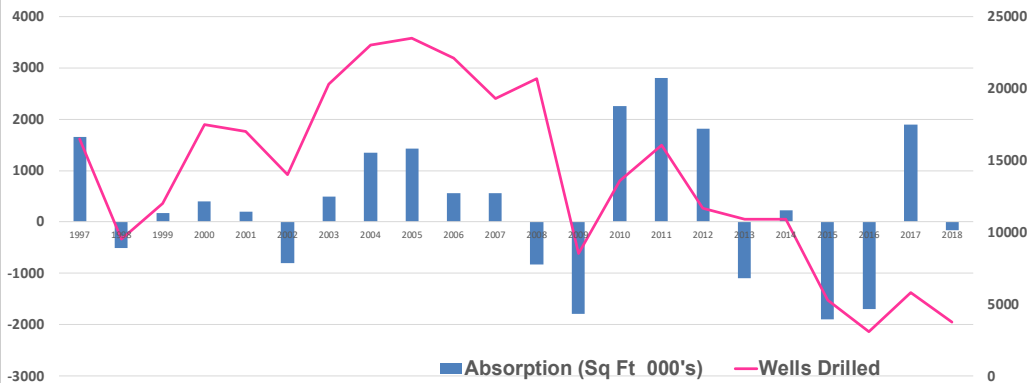
Have we hit bottom?

Vacancy has remained high, but stable, over the last several years in Calgary but there are some signs the market is bottoming out.

Large commercial transactions, are heating up in the Beltline and downtown core as institutional investors look to buy or reposition assets at what they believe is the low point in the market trough.

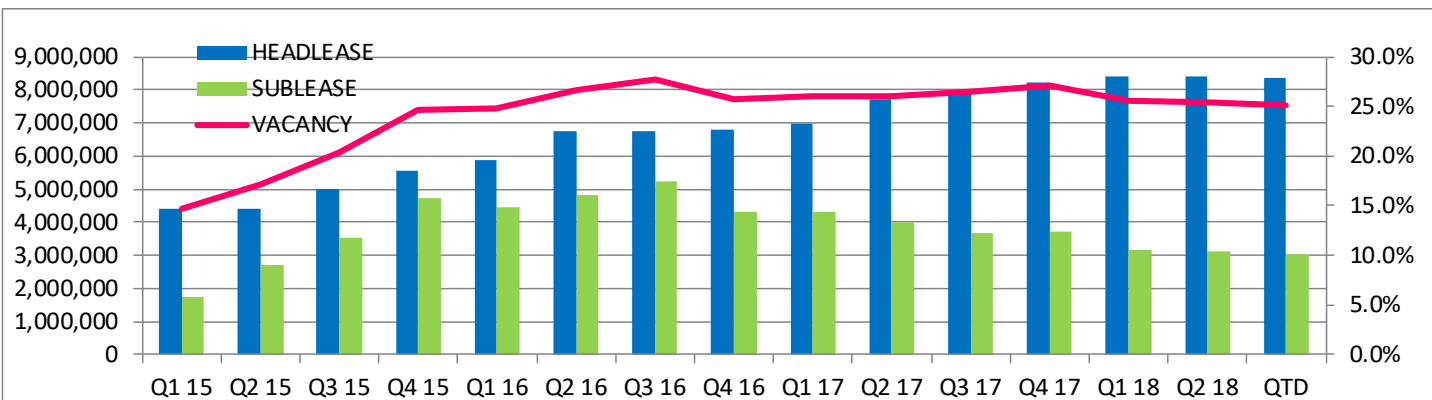
More than 30 office towers have changed hands, been demolished, or have been re-zoned to a different use i.e. change from an office to residential or hotel use in 2017 and 2018.

Wells Drilled v Absorption of Office Space



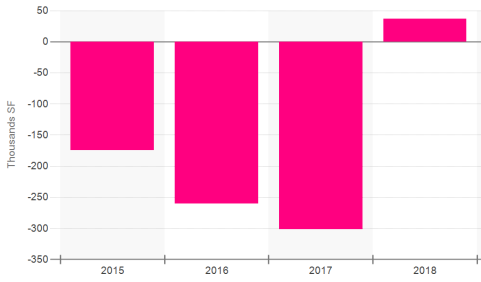
Although Calgary is seeing more diversification, the oil industry is still driving the downtown office market.

As activity in the oil patch slows down, vacancy in downtown Calgary increases and we have negative absorption.



HISTORICAL DOWNTOWN HEADLEASE & SUBLEASE VACANCY

2018 QTD BELTLINE OFFICE MARKET SNAPSHOT



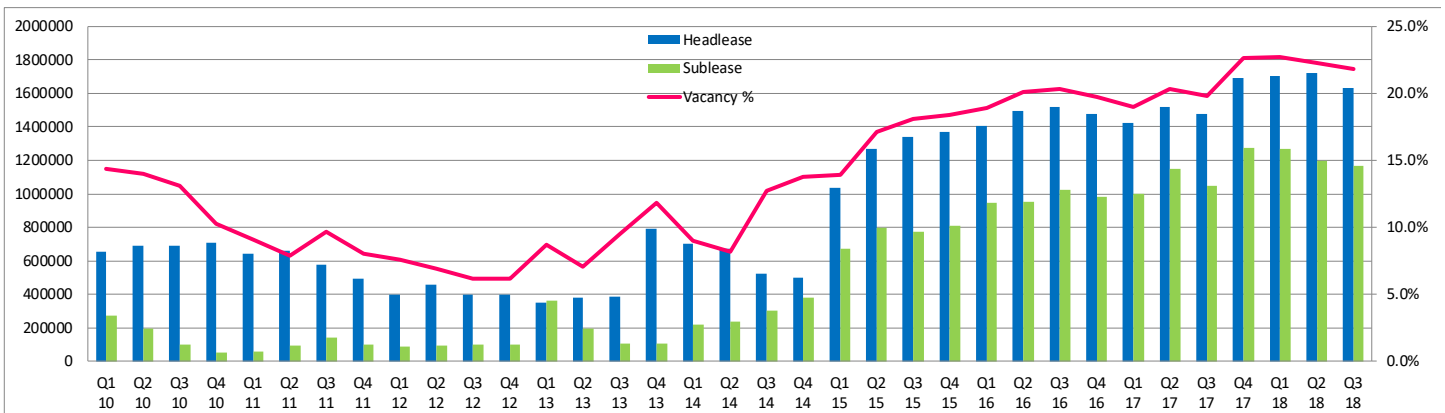
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The proposed plan for 1520 4th Street includes the renovation of the existing office tower and retail podium. Phase 2 and 3 will see two residential towers on an existing parking lot.

The building inventory in the Beltline decreased by Over 220,000 square feet due to the rezoning application of the Stephenson Building (61,804 square feet) from office space to residential use and the re-ovation of the office space and retail podium in 1520 4th Street (106,400 square feet).

Quarter	Inventory SF	Vacancy SF Headlease	Vacancy SF Sublet	Total Vacancy SF Total	Vacancy %	Net Absorption SF
QTD	7,315,918	1,168,051	464,064	1,632,115	21.8	85,244
2018 Q2	7,484,137	1,198,794	525,371	1,724,165	23	-210,857
2018 Q1	7,453,071	1,270,536	431,959	1,702,495	22.7	145,950
2017 Q4	7,416,071	1,276,244	415,468	1,691,712	22.6	-215,474
2017 Q3	7,416,071	1,046,013	442,306	1,480,009	19.8	-86,385
2017 Q2	7,416,071	1,147,367	379,090	1,518,605	20.3	-1,209
2017 Q1	7,416,071	998,005	426,831	1,424,836	19	1,644



HISTORICAL BELTLINE HEADLEASE & SUBLEASE VACANCY

2018 QTD SUBURBAN OFFICE MARKET SNAPSHOT

Quarter	Inventory Bldgs	Inventory SF	Vacancy SF Headlease	Vacancy SF Sublet	Vacant SF Total	Vacancy % Total
QTD	297	18,65,302	2,865,288	1,05,061	3,907,776	21.3
2018 Q2	297	18,084,267	2,814,086	1,076,565	3,806,738	21
2018 Q1	295	18,047,108	2,803,403	1,065,818	3,829,446	21.2
2017 Q4	295	18,047,108	2,617,950	1,266,022	3,883,969	21.5
2017 Q3	294	18,032,454	2,598,941	1,226,469	3,826,190	21.2
2017 Q2	293	17,982,454	2,657,974	1,329,340	3,971,200	22
2017 Q1	291	17,889,701	2,722,990	1,403,187	4,081,120	22.6
2016 Q4	291	17,889,701	2,701,494	1,542,217	4,201,111	23.3
2016 Q3	291	17,889,701	2,570,412	1,460,875	4,014,390	22.2
2016 Q2	289	17,769,588	2,458,579	1,392,383	3,850,962	21.4
2016 Q1	285	17,304,427	2,293,573	902,106	3,195,679	17.8
2015 Q4	284	17,274,881	2,394,187	984,509	3,342,596	18.6
2015 Q3	280	16,829,778	2,356,934	588,840	2,945,774	16.5
2015 Q2	276	16,581,225	2,146,126	573,434	2,719,560	15.3
2015 Q1	276	16,581,225	2,061,115	529,075	2,590,190	14.6

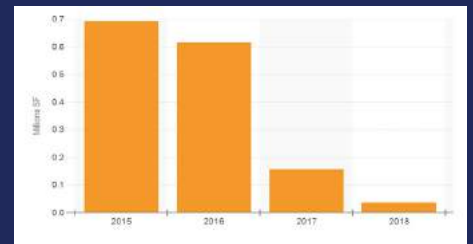
The suburban building cycle that started in 2014 will end with the completion of four buildings in the next few months.

In the suburban North office market, 160,000 sq ft of office space was added with the design-built, fully leased Hexagon Campus. Two smaller office projects, Aviation Medical Centre and One North Business Centre will add 48,000 sq feet of new space to the North market in the coming months, of which about 15% has been pre-leased.

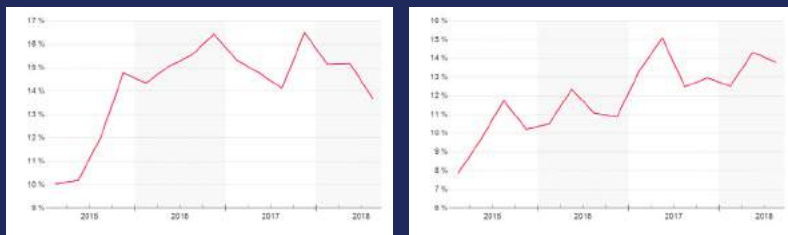
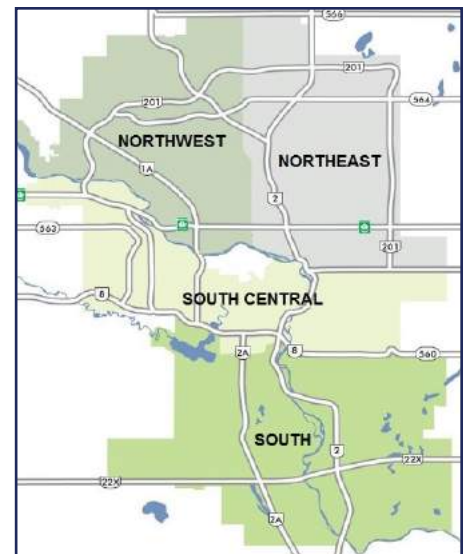
McLeod Professional Centre, in the suburban South market will add 31,000 sq ft of space to the South market in the next few months, of which 40% has been leased.



Suburban Construction Deliveries



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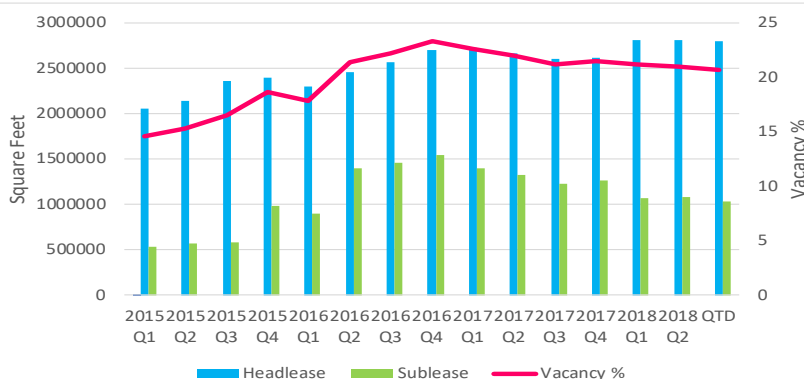
NE Vacancy

South Central Vacancy



NW Vacancy

South Vacancy



HISTORICAL SUBURBAN HEADLEASE - SUBLEASE VACANCY