

2017 Q4 DOWNTOWN OFFICE MARKET SNAPSHOT

Quarter	Inventory SF	Available SF Direct	Available SF Sublet	Available SF Total	Vacancy %	**Net Absorption SF Total
Q4 17	46,273,833*	8,182,776	3,805,324	11,988,100	25.9%	25,479
Q3 17	44,873,833	8,128,214	3,735,923	11,864,137	26.4%	-87,990
Q2 17	44,873,833	7,757,091	4,041,476	11,798,567	26.3%	37,764
Q1 17	44,320,792	7,027,965	4,364,151	11,392,116	25.7%	21,243
Q4 16	44,350,601	6,246,373	4,068,799	10,263,345	22.2%	518,356

* 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.

2017 VACANCY STABLE BUT MORE

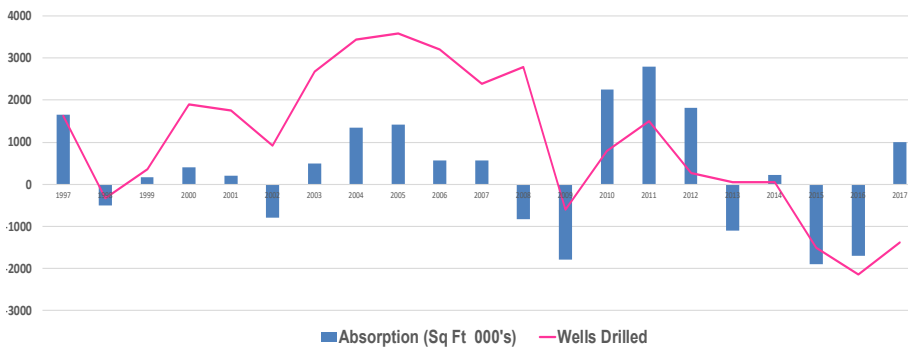
LAYOFFS LOOMING IN 2018

Vacancy in Calgary's Downtown office market remained relatively steady over the course of 2017. Although Calgary's downtown office market started and ended the year with a vacancy rate of around 26% it means that almost 12 million square feet of office space remains vacant.

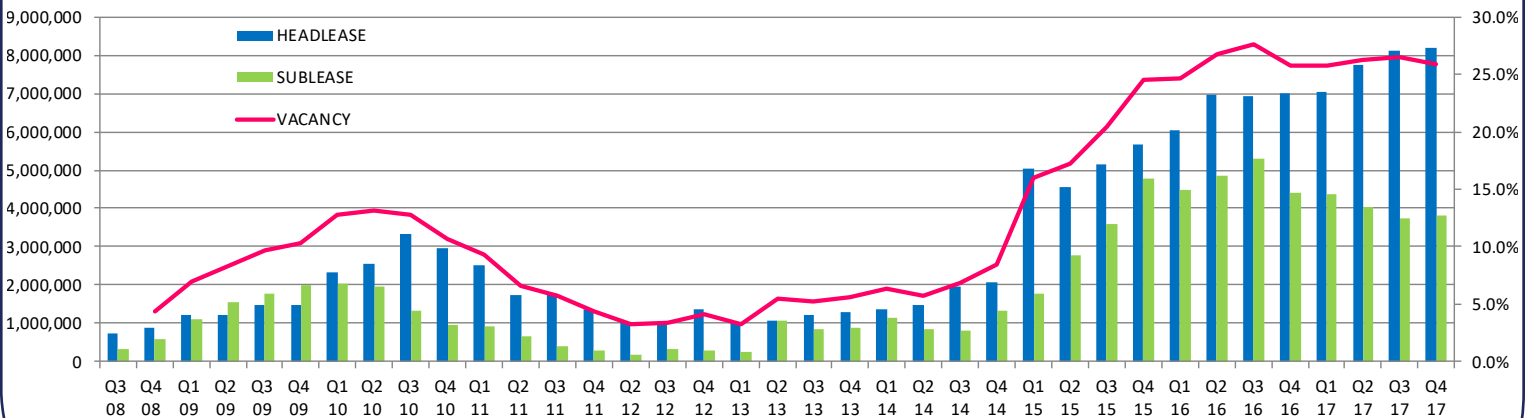
On average, one employee takes up approximately 350 square feet of space. To return to a balanced real estate market which is approximately 10% vacancy, downtown Calgary would need to absorb almost 8 million square feet of office space or more than 22,000 new jobs.

The recent announcement by Cenovus that they will be cutting 15% of their workforce, or up to 700 employees, indicates that "big oil" budget cutting isn't over. The first few weeks in January saw almost 300,00 sq ft of negative absorption.

Wells Drilled v Absorption of Office Space

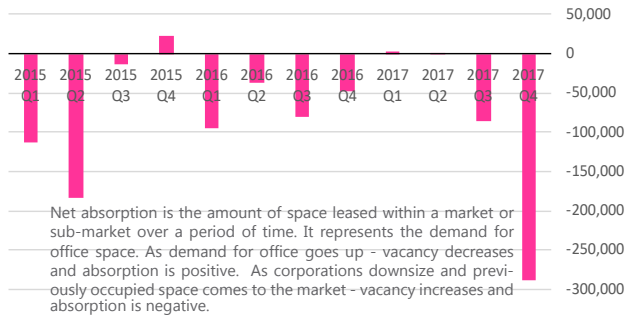


Although Calgary is seeing more diversification, the oil industry is still driving the downtown office market



2017 Q4 BELTLINE OFFICE MARKET SNAPSHOT

Net Absorption SF Total



Vacancy increased in the Beltline over the course of 2017. Driving negative absorption during Q4 was a large amount of new A Class space coming to market; ATCO put more than 140,000 sq ft of office space on the market as they have moved to their South Central campus.



With the Beltline expected to see vacancy remain above 20% well into 2018, conditions in this submarket will continue to heavily favour the Tenant. Landlords continue to be aggressive to keep existing tenants and attract new ones.

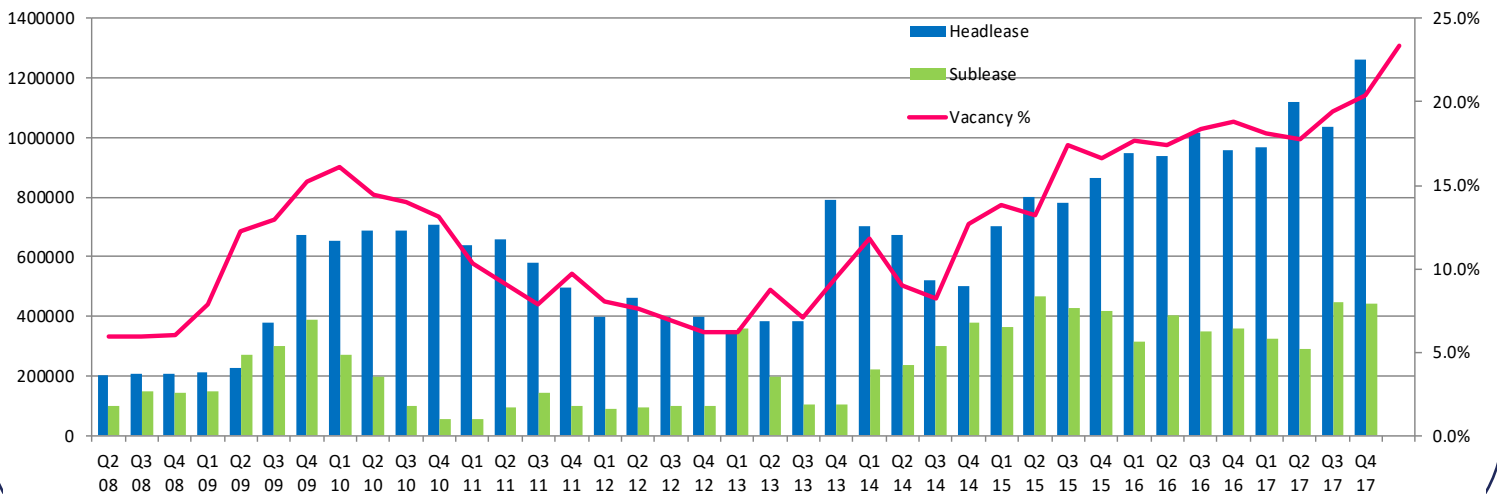
The Sam Livingston Building, on the corner of 5th Street and 12th Avenue SW, has been removed from the Beltline inventory as it is being demolished to make way for a new multi-residential development. This reduces the Beltline office inventory by almost 45,000 sq. ft.



The Beltline has six buildings that contain more than 30,000 sq. ft. of contiguous blocks of space. This accounts for 17% of the total available space.

There is 66,000 sq. ft. under construction located at 1506 11th Avenue SW and Mount Royal West. Together these buildings are 47% pre-leased with all this activity coming from 1506 11th Avenue SW.

Quarter	Inventory SF	Vacancy SF Headlease	Vacancy SF Sublet	Total Vacancy SF Total	Net Absorption SF Total
2017 Q4	7,280,875	1,261,784	449,499	1,711,283	-289,200
2017 Q3	7,280,875	1,035,306	442,306	1,469,302	-86,085
2017 Q2	7,280,875	1,137,360	379,090	1,508,598	1,191
2017 Q1	7,280,875	989,298	426,831	1,416,129	2,344
2016 Q4	7,280,875	974,069	493,625	1,467,694	-47,239
2016 Q3	7,280,875	1,018,130	490,104	1,508,234	-80,736
2016 Q2	7,280,875	951,080	540,720	1,491,800	-36,135
2016 Q1	7,280,875	947,234	456,217	1,403,451	-95,407
2015 Q4	7,280,875	810,062	556,885	1,366,947	22,403
2015 Q3	7,280,875	773,575	568,325	1,341,900	-13,053
2015 Q2	7,280,875	795,891	470,945	1,266,836	-183,531
2015 Q1	7,280,875	671,455	362,164	1,033,619	-113,785



HISTORICAL BELTLINE HEADLEASE & SUBLEASE VACANCY

Gary Mckelvie
Gary@corecre.ca
Phone: (403)680-4545

Lori King
Lori@corecre.ca
Phone: (403)618-8545

Jeff Thomson
Jeff@corecre.ca
Phone: (587)224-3550

CORE Commercial Real Estate
320, 717- 7th Avenue SW
Calgary, AB T2P 0Z3

Q4 2017 SUBURBAN OFFICE MARKET SNAPSHOT

Quarter	Inventory Bldgs	Inventory SF	Vacancy SF Headlease	Vacancy SF Sublet	Vacant SF Total	Vacancy % Total
2017 Q4	292	18,011,708	2,599,892	1,266,022	3,862,116	21.4
2017 Q3	291	17,997,054	2,597,688	1,233,069	3,830,754	21.2
2017 Q2	290	17,947,054	2,676,421	1,335,940	3,995,464	22.2
2017 Q1	288	17,857,854	2,720,405	1,409,787	4,084,352	22.7
2016 Q4	288	17,857,854	2,681,241	1,542,217	4,180,858	23.2
2016 Q3	288	17,857,854	2,550,233	1,460,875	3,994,211	22.2
2016 Q2	286	17,737,741	2,453,016	1,392,383	3,845,399	21.4
2016 Q1	282	17,272,580	2,288,173	902,106	3,190,279	17.8
2015 Q4	281	17,243,034	2,388,887	984,509	3,337,296	18.6
2015 Q3	277	16,790,121	2,351,434	588,840	2,940,274	16.5
2015 Q2	273	16,541,568	2,141,226	573,434	2,714,660	15.3
2015 Q1	273	16,541,568	2,056,415	529,075	2,585,490	14.6

Vacancy remained stable in the suburban market, dropping just 1.3% over the course of the year.

Shaw Communications have announced that they will be downsizing by up to 650 employees. This could potentially put up to 150,000 square feet of office space on to the suburban market.



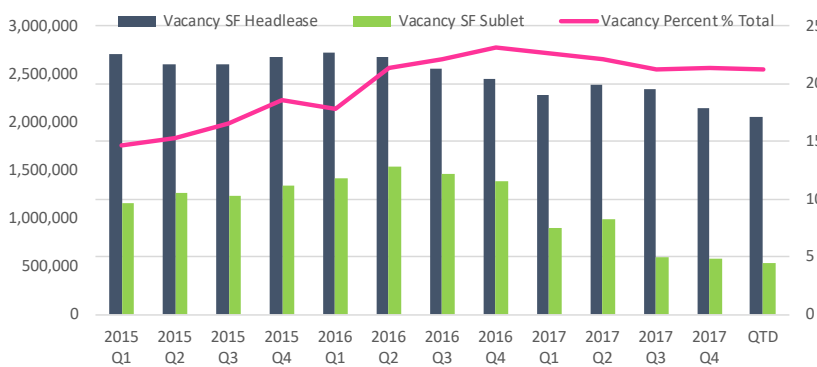
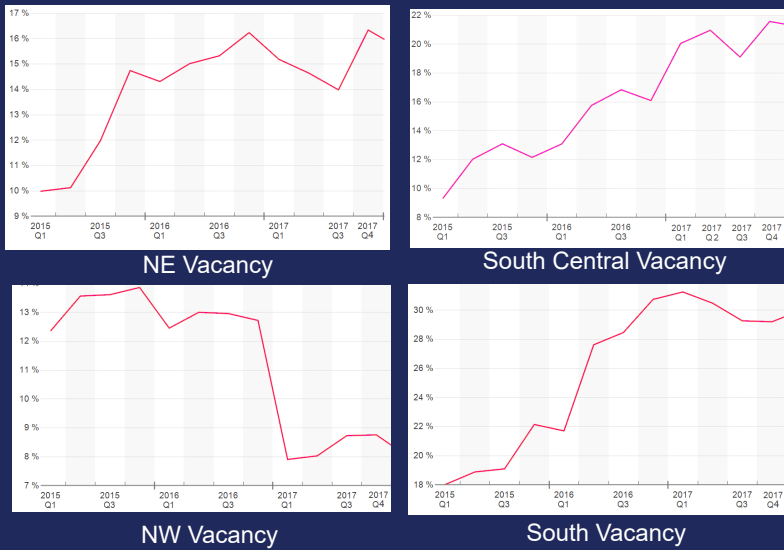
ATCO are now occupying their new South Central campus but have left behind almost 140,000 sq feet of vacant office space in the Beltline.

Landlords are become increasingly motivated to lease up vacant space offering both aggressive inducements and lease flexibility.

Suburban Net Absorption



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Historical Suburban Headlease - Sublease Vacancy

