



Calgary, Alberta

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

A mild winter has brought forth a not so mild level of leasing activity. Downtown Calgary experienced another 652,219 square feet of positive absorption bringing the total absorption for 2011 to an astonishing 2,686,648 square feet. This is an all-time record high level of absorption in Calgary. The class AA market now sits at 0.28% vacancy, the class A market is at 1.49%, the class B market is at 8.07%, and the class C market is at 12.99%. Overall downtown vacancy resides at 3.28%, and the Beltline is down to 7.89%. As space continues to deplete, expect net rental rates to continue to rise. We have already witnessed an increase in rates across all classes of buildings with AA/A rates rising 20% - 30% from a year ago. Class B and C landlords will get even more aggressive with rates once the AA/A market has completely dried up. This upward swing in net rental rates should continue until leasing activity drastically slows down or new developments are delivered. With the recent announcement of Eighth Avenue Place – West Tower, expect to see one or two more new development sites commencing construction in 2012.

Market Trends

- Continued fury of positive absorption
- Falling vacancy
- Increased net rental rates
- New developments announcements

Tenant's Perspective

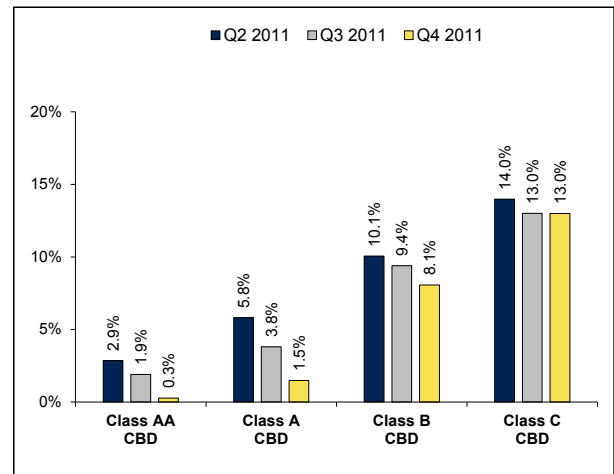
Although vacancy has drastically diminished over the past year, tenants who allocate healthy lead times to secure space will have options, unless they're looking for class AA space which has almost entirely been leased. Rental rates aren't what they were last quarter or even a year ago but for the time being, there are a few good options still available in the class A, B and C markets. This may not be the case for long as we expect the downward trend on vacancy to continue unless the macroeconomic forces of our global economy begin to rain on our Calgary parade. Tenants who utilize corporate real estate firms with a large market presence will benefit from having access to all possible options to satisfy their requirements.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Athabasca Oil Sands	225,000	Relocation	Headlease
MEG*	67,000	Expansion	Headlease
Cenovus	46,000	Expansion	Sublease
Western Energy Services*	43,000	Relocation	Sublease
Aker Solutions*	27,000	Relocation	Headlease
Intact Insurance	26,000	Expansion	Headlease
Athabasca Oil Sands*	23,000	Expansion	Sublease
Wood Group PSN*	23,000	Expansion	Headlease
Enbridge*	22,000	Expansion	Sublease
Tory's*	20,000	Relocation	Headlease

*Transactions in which Cresa Calgary was involved

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class AA Office	\$52.70	\$54.99	\$56.77
Class A Office	\$42.20	\$43.77	\$45.92
Class B Office	\$32.41	\$33.76	\$35.76
Class C	\$26.71	\$28.82	\$30.40

