Calgary, Alberta

Tenant's Guide ▪ North American Markets ▪ Second Quarter 2010

Overview

Vacancy in Calgary has remained relatively unchanged over the course of the last quarter despite an increase in activity. Supply was added in the form of new developments but that was offset by an active sublease market in existing buildings. The combined downtown vacancy rate for all classes of buildings is at 12.31% compared to 12.11% in the previous quarter. Class AA is at 10.70%, class A is at 10.99%, class B is at 16.58%, and class C is at 14.53%. The Beltline sits at 17.20%.

There is an equitable split of headlease and sublease vacancies, with each representing about half of the total space available for lease.

Market Trends

- Class AA/A, B and C markets had absorption of 316,363 SF, negative 58,339 SF, and 55,480 SF, respectively.

Tenant's Perspective

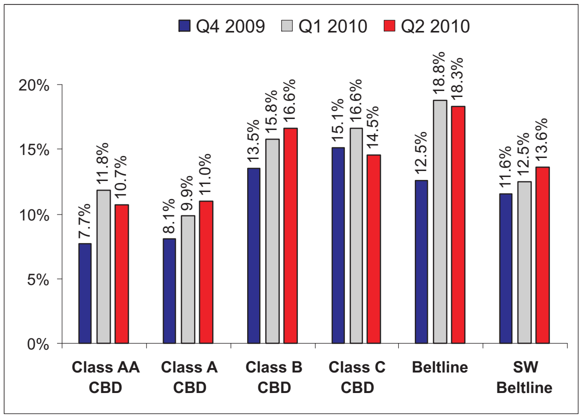
After a wild swing over the past 18 months, the market appears to have found some stability. The pressure on leasing programs of major developments has largely been alleviated as the announcements of transactions continue to roll in. The backfill space left behind as major tenants move to superior product will continue to put pressure on second generation class A and B buildings in the core. Landlords of these buildings have responded accordingly through aggressive marketing of cash inducements, flexible term lengths, and provisions for early termination or expansion rights in order to secure tenancies.

The sublease market continues to move forward as a spot market with a wide range in the pricing that has been largely dependent on the term remaining and the sublandlord's urgency to complete a transaction. Price conscious tenants continue to cull through this market looking for deals, although underserved size ranges (high quality, under 5,000 SF) have been moving quickly and at premium prices.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Direct Energy	70,000	Headlease	Relocation
Bonavista Energy Trust	70,000	Headlease	Relocation
Statoil Canada Ltd.	210,000	Sublease	Relocation
Grizzly Oil Sands	15,000	Sublease	Relocation
Vitol BV	8,000	Sublease	Relocation
Zargon Energy Trust	40,000	Headlease	Renewal
Open Range Energy Corp.	20,000	Headlease	Renewal

Vacancy Rate



Average Rental Rates

CBD	Q4 2009	Q1 2010	Q2 2010
Class AA Office	$52.00	$48.48	$48.10
Class A Office	$42.36	$42.36	$41.47
Class B Office	$33.55	$33.55	$31.68
Class C	$27.81	$27.81	$28.48

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