

# Calgary's Second Quarter Suburban & Beltline Office Landscape

Market Analysis Q2 2024

## Suburban

**82%** OVERALL OCCUPANCY RATE  
(Total leased space)

**18%** OVERALL VACANCY RATE  
(Space marketed for headlease only)

**19.9%** OVERALL AVAILABILITY  
(Total amount of space available for headlease/sublease/sub-sublease/office-share, etc.)

### WITHIN-CLASS

**83.4%** OCCUPANCY  
**16.6%** VACANCY  
**19.1%** AVAILABILITY

**77%** OCCUPANCY  
**23%** VACANCY  
**24.2%** AVAILABILITY

**85.4%** OCCUPANCY  
**14.6%** VACANCY  
**15.9%** AVAILABILITY

## Beltline

**80.7%** OVERALL OCCUPANCY RATE  
(Total leased space)

**19.3%** OVERALL VACANCY RATE  
(Space marketed for headlease only)

**22.5%** OVERALL AVAILABILITY  
(Total amount of space available for headlease/sublease/sub-sublease/office-share, etc.)

### WITHIN-CLASS

**90.2%** OCCUPANCY  
**9.8%** VACANCY  
**16.9%** AVAILABILITY

**71.6%** OCCUPANCY  
**28.4%** VACANCY  
**28.9%** AVAILABILITY

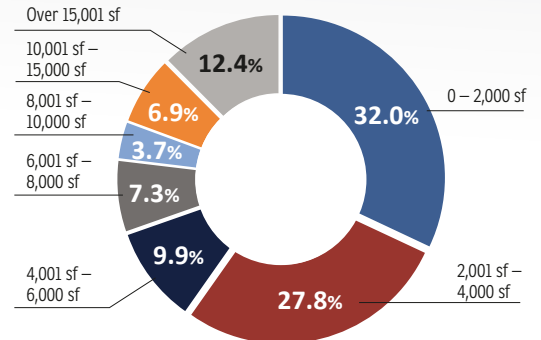
**87.2%** OCCUPANCY  
**12.8%** VACANCY  
**14.5%** AVAILABILITY

**48.6%** OCCUPANCY  
**51.4%** VACANCY  
**53.5%** AVAILABILITY

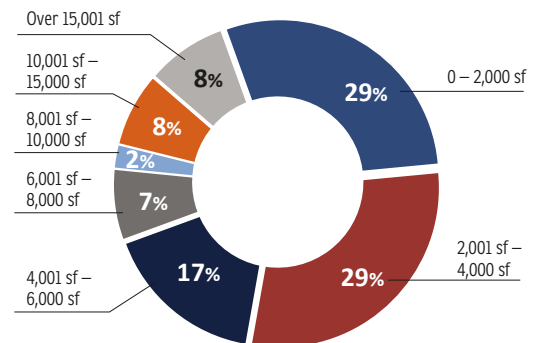
Overall availability – and particularly the vacant component – of Calgary's suburban office market was remarkably stable during the second quarter of 2024. The availability rate increased just slightly on approximately 21,000 square feet of negative absorption, which was due in large part to some larger spaces being marketed for sublease.

The story of the Beltline through Q2 was considerably more dynamic than in the suburban markets, due to the pending multi-family redevelopment of the Beltline Block which comprises TransAlta Places I and II plus a small, third single-floor office building. The project removed 334,000 square feet of primarily B-class office inventory to make way for the 315-unit, high-rise condo development and

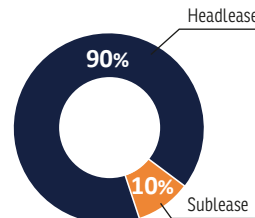
SUBURBAN DISTRIBUTION OF OPTIONS BY SIZE RANGE



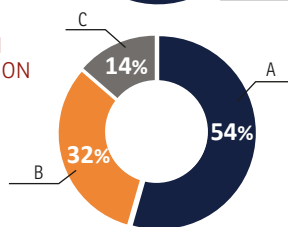
BELTLINE DISTRIBUTION OF OPTIONS BY SIZE RANGE



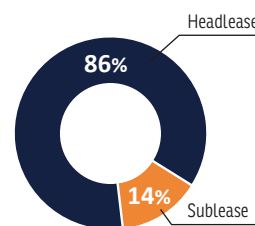
SUBURBAN HEADLEASE VS. SUBLEASE DISTRIBUTION



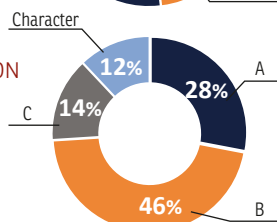
SUBURBAN DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



BELTLINE HEADLEASE VS. SUBLEASE DISTRIBUTION



BELTLINE DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



resulted in Riddel Kurczaba moving to the suburbs, while TransAlta remained in the Beltline and moved to the former Keynote Building.

While there was net positive leasing activity, the reduction of inventory and the available space within had a much greater effect on increasing the occupancy rate and changing the ratio of space available for headlease versus that available for sublease and other leasing arrangements.

A continuing theme in the Suburban markets and the Beltline is the desire among many small tenants to find locations that are close to home for their employees. We explored this in our previous report but it's worth reiterating the impact of growing morning/afternoon traffic, construction and higher gas prices on reducing or eliminating work-from-home arrangements. Tied to this has been ongoing high importance placed by tenants and prospective tenants in both markets for parking availability and rates, which drove interest and activity to Sunalta and the 14th Street corridor; the periphery of the suburban SW and Beltline – in a bid to meet the aforementioned concerns.

Another commonality in both markets has been the struggle among Landlords in addressing the seeming dichotomy of demands from prospective Tenants: the desire for extremely low lease rates and requirements for amenities such as gyms and conference facilities to draw staff enjoying a flexible work from home arrangement into the office more often than the bare minimum required.

We've also noted that Tenants are taking more time to consider their options for renewals or possible moves, which stands in stark contrast to such decisions being left until the last minute that was prevalent over the last few years. This is, of course, in their best interests as they can take more possibilities into account and work with their brokers to identify more appropriate spaces and establish better terms. One way in which we've been seeing this play out is in a strategy among traditional service retailers like tattoo parlours and hair dressers to take second-floor office space as an alternative to main-floor retail as a means of putting the rate differential in their favour.

## Opportunities by Building Class and Size

### SUBURBAN OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

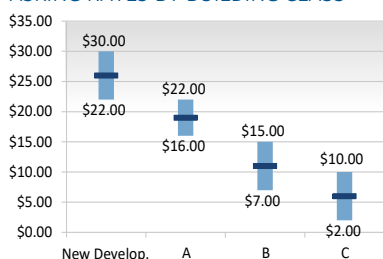
Size Range	HEADLEASE			SUBLEASE		
	A	B	C	A	B	C
0 – 2,000 sf	16	99	75	2	2	4
2,001 sf – 4,000 sf	42	78	40	6	1	3
4,001 sf – 6,000 sf	19	24	12	2	1	2
6,001 sf – 8,000 sf	13	12	15	1	3	1
8,001 sf – 10,000 sf	10	7	3	2	1	0
10,001 sf – 15,000 sf	18	17	3	3	2	0
15,001+	43	20	4	9	0	1
<b>Overall</b>	<b>161</b>	<b>257</b>	<b>152</b>	<b>25</b>	<b>10</b>	<b>11</b>

### BELTLINE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

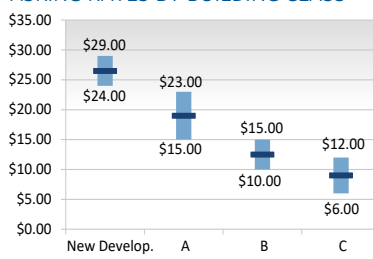
Size Range	HEADLEASE				SUBLEASE			
	A	B	C	Char	A	B	C	Char
0 – 2,000 sf	1	53	24	6	4	1	0	0
2,001 sf – 4,000 sf	0	56	17	6	9	0	1	1
4,001 sf – 6,000 sf	4	30	6	4	4	2	0	1
6,001 sf – 8,000 sf	7	10	1	1	1	0	2	0
8,001 sf – 10,000 sf	0	5	1	0	0	0	1	0
10,001 sf – 15,000 sf	3	13	0	3	4	0	0	0
15,001+	8	6	0	6	4	0	0	0
<b>Overall</b>	<b>23</b>	<b>173</b>	<b>49</b>	<b>26</b>	<b>26</b>	<b>3</b>	<b>4</b>	<b>2</b>

## Average Asking Rates

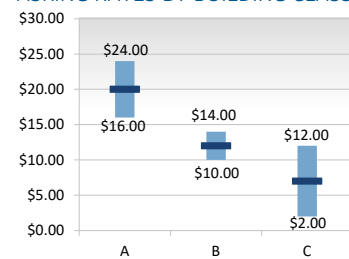
### AVERAGE SUBURBAN NORTH ASKING RATES BY BUILDING CLASS



### AVERAGE SUBURBAN SOUTH ASKING RATES BY BUILDING CLASS



### AVERAGE BELTLINE ASKING RATES BY BUILDING CLASS



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## Vacancy by Building Class and Location

The following charts provide more detailed performance insight into the vacancy rates among specific building classes and the impact on the individual suburban and Beltline submarkets.

### SUBURBAN NW VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	149,556 sf	1,330,882 sf	11.24%
B	151,350 sf	739,264 sf	20.47%
C	108,847 sf	385,321 sf	28.25%
<b>Overall NW</b>	<b>409,753 sf</b>	<b>2,455,467 sf</b>	<b>16.46%</b>

### SUBURBAN NE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	380,454 sf	2,334,123 sf	16.30%
B	151,350 sf	2,291,563 sf	22.75%
C	228,403 sf	1,857,839 sf	12.29%
<b>Overall NE</b>	<b>760,207 sf</b>	<b>6,483,525 sf</b>	<b>17.43%</b>

### SW VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	595,102 sf	2,603,539 sf	22.86%
B	286,744 sf	473,978 sf	60.50%
C	120,872 sf	831,057 sf	14.54%
<b>Overall SW</b>	<b>1,002,718 sf</b>	<b>3,908,574 sf</b>	<b>25.65%</b>

### SUBURBAN SE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	1,194,837 sf	5,887,238 sf	20.30%
B	405,847 sf	2,122,364 sf	19.12%
C	123,224 sf	577,549 sf	21.34%
<b>Overall SE</b>	<b>1,723,908 sf</b>	<b>8,587,151 sf</b>	<b>20.20%</b>

### BELTLINE VACANCY BY BUILDING CLASS

Class	Vacant	Inventory	Vacancy
A	459,941 sf	2,728,573 sf	16.86%
B	769,817 sf	2,663,321 sf	28.90%
C	235,644 sf	1,651,021 sf	14.27%
Character	199,129 sf	372,505 sf	53.46%
<b>Overall Beltline</b>	<b>1,664,531 sf</b>	<b>7,415,420 sf</b>	<b>22.45%</b>

PREPARED BY BARCLAY STREET REAL ESTATE

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