



**CBRE**

**CALGARY  
OFFICE MARKET UPDATE**

MARCH 2, 2019

# OFFICE MARKET UPDATE TODAY'S AGENDA

1. INTRODUCTION
2. SUMMARY OF SUPPLY
3. SUMMARY OF DEMAND
4. DRIVERS OF DEMAND
5. 3 IDEAS
6. SETTING TARGETS



# OFFICE MARKET UPDATE

## INTRODUCTION

### Today's Speakers



**John Fisher, Senior VP, CBRE**  
Top Tenant Advisor  
Instructor Real Estate Finance, Haskayne  
President, NAIOP Calgary



**Stuart Watson, Senior VP, CBRE**  
Top Owner Advisor

**CBRE** World's largest and most profitable commercial real estate firm

# OFFICE MARKET UPDATE

## SUMMARY OF SUPPLY

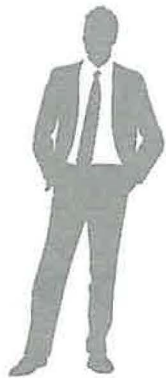
### Status of Office Market

Class	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Headlease Vacancy Rate
AA	19,737,226	3,676,460	19%	11%
A	24,743,746	5,370,367	22%	16%
B	19,201,848	6,078,767	32%	27%
C	7,045,598	2,253,181	32%	30%
D	55,000	16,129	29%	29%
Overall	70,783,418	17,394,904	25%	19%

# OFFICE MARKET UPDATE

## SUMMARY OF SUPPLY

### What this means?



**We have room for  
82,000 office jobs**

**Target: 34,000 jobs to  
bring us to 10%  
vacancy**

**\$222 M Avg. annual  
cost to owners for  
vacancy**

**\$188 M in lost  
revenue**

**\$2.5 B in lost value**

**3<sup>rd</sup> largest inventory  
of office space in  
Canada**

**56% built over 35  
years ago**

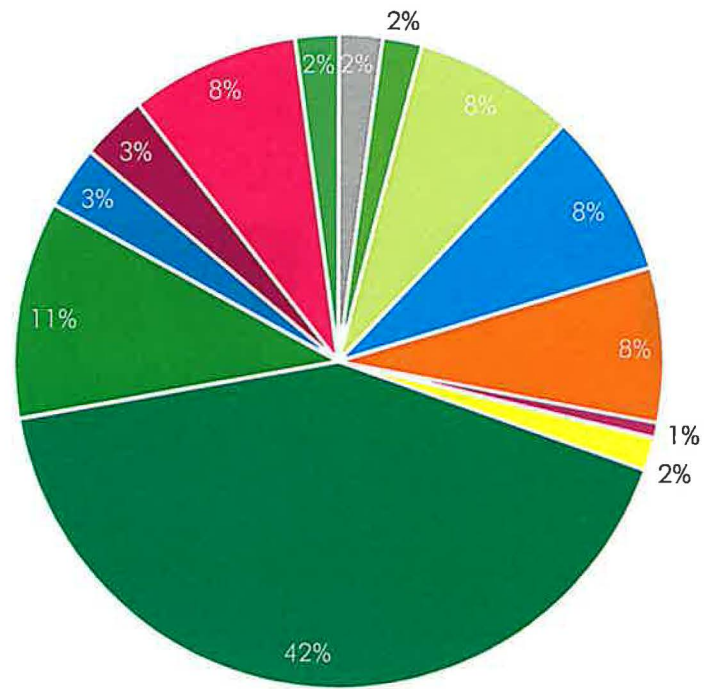
**1 of 4 buildings  
vacant**

# OFFICE MARKET UPDATE

## SUMMARY OF DEMAND

### Largest Tenant Deals – Last 5 Years

2.8% NEW ENTRANTS  
 TARGET: DIVERSITY?

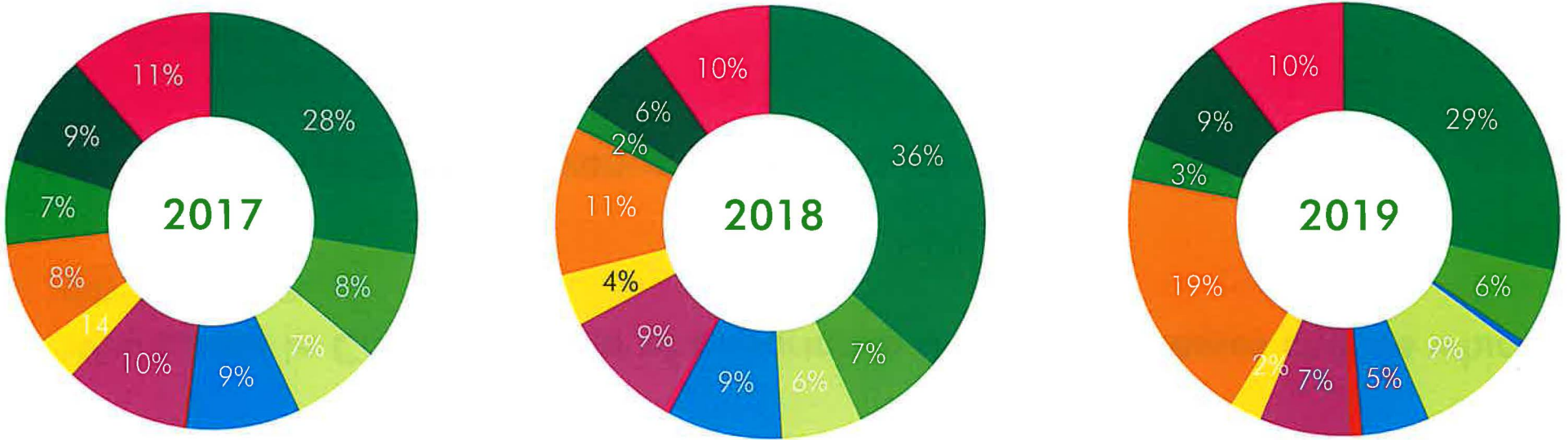


- COWORK
- EDUCATION
- ENGINEERING
- FINANCIAL
- GOVERNMENT
- MEDICAL
- NOT FOR PROFIT
- OIL AND GAS
- OTHER
- REAL ESTATE
- TECH AND CREATIVE
- UTILITIES
- PROFESSIONAL SERVICES

# OFFICE MARKET UPDATE

## SUMMARY OF DEMAND

### Active Tours Outside Downtown Core



■ OTHER 
 ■ CREA 
 ■ EDU 
 ■ ENGG 
 ■ FIN 
 ■ GOVT 
 ■ MED+ 
 ■ NP 
 ■ O+G/ENER 
 ■ PROF 
 ■ REAL 
 ■ TECH

# OFFICE MARKET UPDATE

## DRIVERS OF DEMAND

Why locate in Calgary? Order of importance on why businesses choose which city to locate.

- ✓ Opportunity to grow revenue by tapping into environment
- ✓ Access to labour pool
- ✓ Lower operational cost



# OFFICE MARKET UPDATE

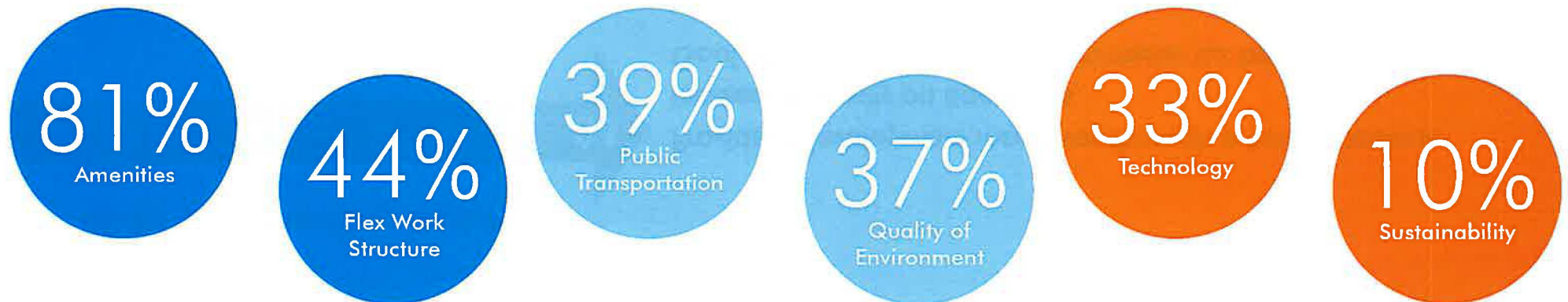
## DRIVERS OF DEMAND

Why locate in Calgary?

What do tenants want – Survey of America's 140 largest firms:

FIGURE 5: WHAT IS MOST IMPORTANT TO YOUR WORKFORCE?

% of respondents that place offering among the top-three most important



*Real estate leaders are tasked with creating the sought-after experience that draws employees into an increasingly optional work environment.*

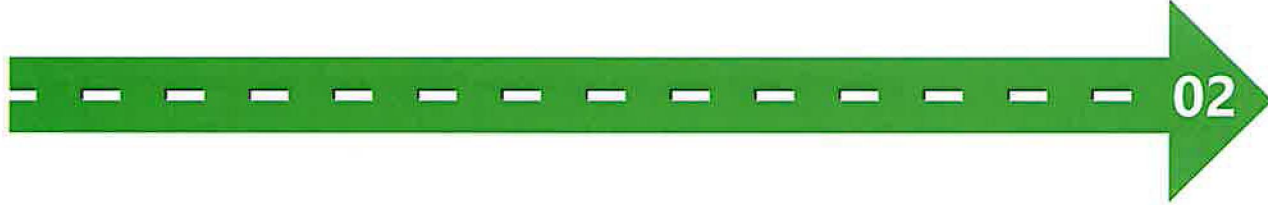
# OFFICE MARKET UPDATE

## 3 IDEAS

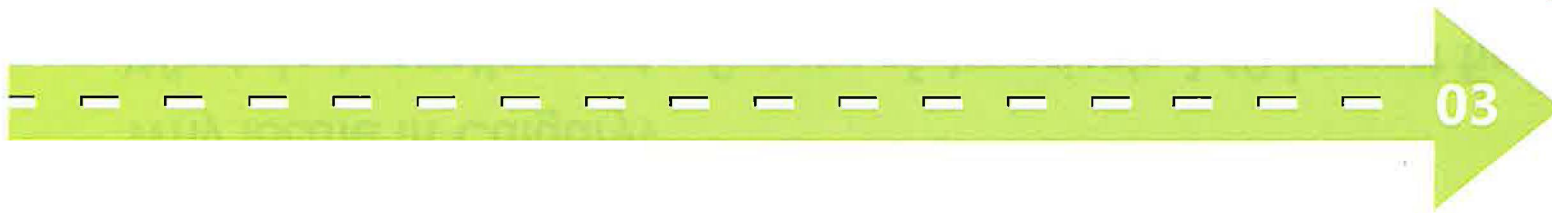
What can the City control?



Provide redevelopment incentives through p.tax abatement, increased density on aged sites.  
Goal: Reduce overall vacancy, increase tax base over long run



Provide p.tax incentives for fast growing existing companies and new entrants.  
Goal: Encourage diversity, accelerate growth



Complete BP and DP permitting overhaul.  
Goal: Accelerate growth by removing bureaucratic barriers and increasing consistency

# OFFICE MARKET UPDATE

## SUMMARY

ESTABLISH POLICY TO ENABLE:

1. PROMOTION OF NEW AND FAST GROWTH/DIVERSE COMPANIES
2. TARGET 6,500 JOBS/YR OVER 5 YEARS TO MITIGATE VALUE LOSS AND GROW TAX BASE
3. POSITIVE PRESS TELL POSITIVE STORIES



## THANK YOU

**JOHN FISHER**  
Senior Vice President  
403 750 0505  
[John.fisher@cbre.com](mailto:John.fisher@cbre.com)

**STUART WATSON**  
Senior Vice President  
403 750 0540  
[Stuart.Watson@cbre.com](mailto:Stuart.Watson@cbre.com)

**KATIE SAPIEHA**  
Vice President  
403 750 0529  
[Katie.Sapieha@cbre.com](mailto:Katie.Sapieha@cbre.com)

**MACKENZIE ALLEN**  
Sales Representative  
403 303 3608  
[Mackenzie.Allen@cbre.com](mailto:Mackenzie.Allen@cbre.com)

**JONATHAN TURK**  
Analyst  
403 750 0541  
[Jonathan.Turk@cbre.com](mailto:Jonathan.Turk@cbre.com)

**JESSICA LORTIE**  
Marketing Assistant  
403 750 0526  
[Jessica.Lortie@cbre.com](mailto:Jessica.Lortie@cbre.com)

**SHAE-LYNN LAYCRAFT**  
Administrative Assistant  
403 750 0808  
[Shaelynn.Laycraft@cbre.com](mailto:Shaelynn.Laycraft@cbre.com)



535 8 AVE SW  
CALGARY, AB T2P 3S8



403-750-0808



[www.cbre.com/calgary](http://www.cbre.com/calgary)