

The global economic downturn continued to have a negative impact on the city of Calgary due to the influence the oil and gas industry has on our market. On top of that, the over built downtown office boom in Calgary has led to vacancy that exceeds anything that we have experienced in the past.

**Downtown office leasing** continues to be the major story in real estate in Calgary. There is currently over 1.8 million SF of vacant sublease space and 1.3 million SF of head lease vacancy in the downtown core, with another 3.5 million SF of new space coming to the market in 2010. Companies are continuing to reduce space in order to cut costs. If the current economic conditions continue, there is a potential for these vacancy numbers to double by 2012.

On the positive side, the **industrial and retail markets** have remained relatively stable because they were not overbuilt. The industrial developers adapted quickly to the recession and as a result, inventory growth was very low in 2009. There was continued strength in the sale of freestanding buildings in 2009 as prices saw a slight decrease and interest rates remained low.

**The investment market** had reduced activity due to a shortage of top-quality, well-priced products being offered for sale, which was not related to the weak economic conditions. All segments of the investment market are starting to show signs of new life. It is anticipated that positive recovery of this segment will continue over the next 12 to 18 months.

Although the downtown office leasing market is looking bleak, investors still view Calgary as a relatively strong investment market. A prime example is the recent purchase of a new \$74 million office development, Stampede Station Phase One, by German Investors.

## Calgary At-A-Glance

Rates are provided in Net Rent/ SF / Year

Currency Used: Country's Currency CDN\$

Classification	Low Rental Rates	High Rental Rates	Vacancy Rate
<b>Downtown Office — Submit as Full Service Rates</b>			
New Construction (AAA)	CDN 32.00	CDN 42.00	7.8%
Class A (Prime)	CDN 24.00	CDN 28.00	9.2%
Class B (Secondary)	CDN 14.00	CDN 24.00	13.7%
<b>Suburban Office — Submit as Full Service Rates</b>			
New Construction (AAA)	CDN 23.00	CDN 28.00	6.3%
Class A (Prime)	CDN 20.00	CDN 25.00	24.6%
Class B (Secondary)	CDN 13.00	CDN 20.00	12.6%
<b>Industrial Space — Submit as Net (Triple Net) Rates</b>			
Bulk Warehouse	CDN 4.75	CDN 7.00	5.7%
Manufacturing	CDN 5.00	CDN 8.50	4.0%
High Tech/R&D	CDN 7.50	CDN 14.00	2.4%
<b>Retail Space — Submit as Full Service Rates</b>			
Downtown (High Street Shops)	CDN 25.00	CDN 95.00	3.1%
Neighbourhood Service Centres (Retail Units in Parks)	CDN 23.00	CDN 30.00	3.5%
Community Power Centres (Big Box)	CDN 26.00	CDN 35.00	2.1%
Regional Malls	CDN 60.00	CDN150.00	3.1%
Solus Food Stores (European Region Only)	N/A	N/A	N/A

## Development Land (rates are provided per Acre)

Classification	Low/Acre	High/Acre
Office in CBD	CDN1,524,600	CDN10,890,000
Land In Office Parks	CDN 400,000	CDN 1,000,000
Land In Industrial Parks	CDN 400,000	CDN 600,000
Office/Industrial Land—Non Park	CDN 350,000	CDN 800,000
Retail/Commercial Land	CDN 600,000	CDN 1,600,000
Residential	CDN 50,000	CDN 600,000

Source: NAI Commercial Calgary