

Calgary Office Leasing Market 2010

February 2011 Calgary REIN™ Workshop



The Real Story
Calgary Office Leasing Market 2010
Prepared for:

Real Estate Investment Network
Prepared by:
John Savard

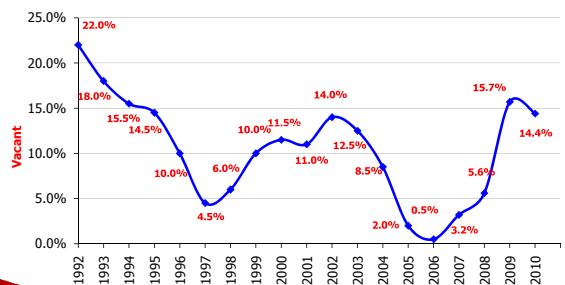
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Introduction

- ▶ John Savard – Office Leasing Specialist, represents Tenants
- ▶ 15 years of experience in the Calgary Office Leasing Market
- ▶ I am a fellow real estate investor/landlord
- ▶ My story
 - In 2005, before the boom, the commercial office leasing market was on fire.
 - They say, which is true, that the commercial real estate market is a lead indicator of the residential
 - Bought as many houses as we could, 17 in one year (top 10 award by REIN in 2006)
 - Portfolio has almost doubled, in Calgary & 100% self-owned
 - Just listed conditions on 2 more houses and fully in the buying mode.
- ▶ Why I am here – to tell you why the same indicators in 2005 are in the commercial real estate market today

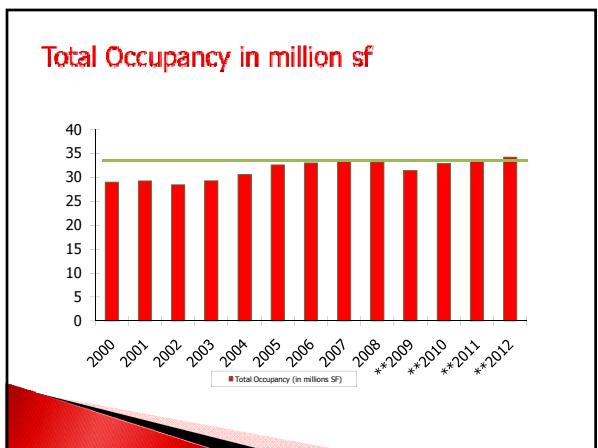
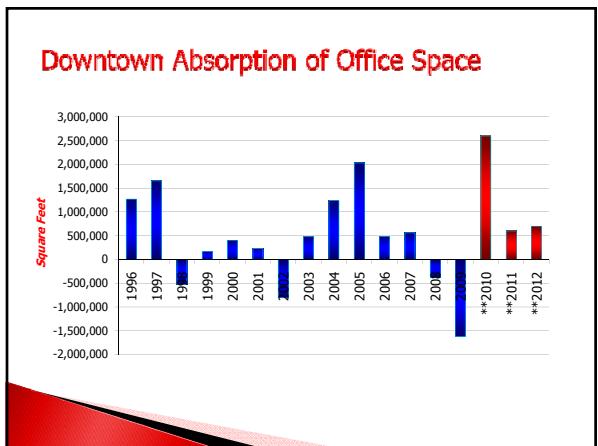
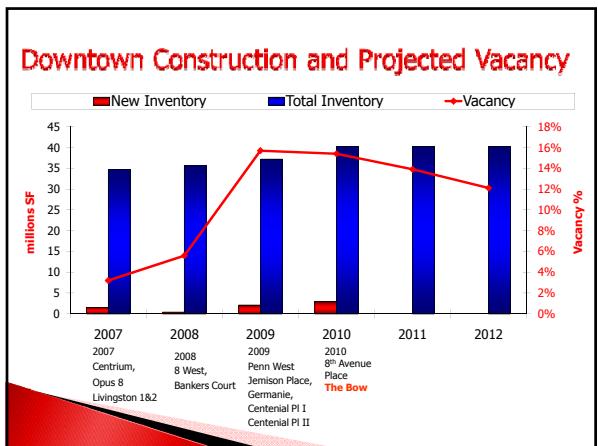
Current Headlines: High Vacancy Rates

Graph indicates a +/- 10 year peak to peak vacancy cycle.



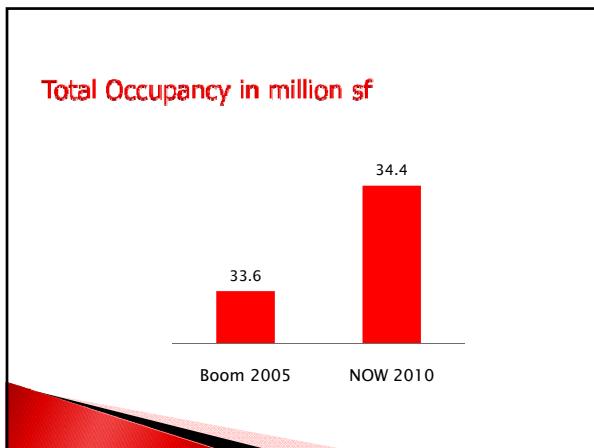
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What does this mean to us?

CALGARY HERALD

Calgary downtown office leasing environment busiest in decades

Mario Tonneguzzi

"Companies with long-term solid business plans, or ones expecting large near term growth, took advantage of what was one of the most significant financing windows for

of what was one of the most tenant-friendly markets for quality office space in Calgary for some time."

John Savard, vice-president with CITI Commercial Real Estate Services, said 2010 began with a great amount of uncertainty as 2009 ended with negative absorption of almost 1.6 million square feet.

"2010 in comparison, ended with record total absorption of over 2.6 million square feet," he said. In its calculations, CITI has added the 1.7 million-square-foot Bow Tower in the downtown office inventory.

"Interestingly, the average (central business district) office tenant requires an average of 300 square feet per employee. This suggests the (central business district) will hire 8,600 new employees," he said.

A nighttime photograph of a modern city skyline, featuring several illuminated skyscrapers and a bridge in the foreground.

Calgary's downtown office leasing market was one of the most active ever in 2010.

Photograph by: Leah Hennel, Calgary Herald

What does this mean to us?

- DIRECT JOBS: Average (central business district) office tenant requires an average of 300 sf per employee.

for 2.6 million sf = 8,667 new jobs planned
 300 sf/employee in 2010 alone

- INDIRECT JOBS: When 8,667 new employees come in bringing their wives, husbands, children, that means more services needed like retail stores, banks, restaurants and more infrastructure needed like more roads, schools, etc. More "indirect" jobs not yet accounted for.

