

Vacancy for downtown Calgary commercial space increasing

BY MARIO TONEGUZZI, CALGARY HERALD SEPTEMBER 16, 2010

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Beltline and suburban office tenants may start looking at the downtown market to relocate in the future due to decrease vacancy rates in those areas and an increasing vacancy rate in the core.

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CALGARY -- Beltline and suburban office tenants may start looking at the downtown market to relocate in the future due to decrease vacancy rates in those areas and an increasing vacancy rate in the core.

The Beltline, with an office vacancy rate of just over 13 per cent, currently has limited large vacancy space and Chris Law, vice-president with Colliers International in Calgary, forecast today that the overall vacancy rate in that market will slide to 10.5 per cent in 2011, 9.1 per cent in 2012 and 7.4 per cent in 2013.

In a presentation to a NAIOP, the Commercial Real Estate Development Association, breakfast meeting, Law added that the suburban office market has a current vacancy of just over 11 per cent with limited new supply forecast for the near future. He forecast the vacancy rate in that market to fall to 8.77 per cent in 2011, 7.3 per cent in 2012 and 6.81 per cent in 2013.

– Todd Thronson, managing director for the Avison Young office in Calgary, said the downtown -

predominantly the west end of downtown - will definitely be competing for Beltline tenants and to a lesser degree suburban tenants.

"There is a high level of vacancy in the west end and landlords are being very aggressive. Small floor plate buildings will be pressed on vacancy and will have to compete very hard for tenants. This ensures they will be active in going after the Beltline and suburban markets," added Thronson.

The downtown vacancy rate is about 10 per cent now but forecast to jump to about 17 per cent in the next 12 to 24 months on the completion of the Bow tower and Eighth Avenue Place which will add another nearly three million square feet of office space to the core.

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