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Calgary office vacancies continue to rise

Vacancy rates in Calgary's office market will continue to increase.

But improved economic conditions have slowed their rise, says Avison Young's quarterly survey of the Calgary office market.

The real estate consultancy now estimates the downtown vacancy rate to peak in spring

2012 at 17%, rather than at 20%.

"While this is still a difficult market, vacancies are nowhere near the levels seen during the previous economic downturns in the 1980s and 1990s, when vacancy rates were well over 20%," said Todd Thronson, managing director of Avison Young's Cal-

gary office. Calgary's building frenzy before the 2009 recession has left the downtown office market overbuilt, with many landlords looking for people to lease or sublease empty office space.

The downtown vacancy rates is sitting just under 10%, down slightly from the fourth quarter of last year.

"This will be a short-lived situation, though, as once those buildings still under construction are completed, available space will rise once again, pushing the vacancy rate up as well," the report says.

Avison Young estimates downtown sublease space could double by spring 2012;

even if the economy keeps improving.

The primary reason for this possible spike, the report says, will be EnCana's move into the Bow tower, starting in 2011. The move means that EnCana's current office space will hit the sublease market at that time.

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