



Calgary Office Market Report

Fourth Quarter 2021



Inflection point?

In fourth-quarter 2021, both Downtown Calgary and the overall Calgary office market saw their first positive absorption quarter since the COVID-19 pandemic started.

Calgary's office market has reached a turning point as the case for optimism grows.






Calgary's tide is turning

Real estate decisions take a long time to play out and many were put on hold for the first 12-18 months of the COVID-19 pandemic.

As companies have begun to figure out their return to office strategies and what changes the pandemic has brought to their culture and real estate requirements, we are seeing leasing activity pick up.

It is fantastic news to see Calgary record its first positive quarter in two years and see its vacancy finally move downwards, however small that change may be. There is still a long road to recovery for Calgary's office market and we will likely see further softness in the market for another year or two. As a result, we could see absorption continue to oscillate between mildly positive and mildly negative for the next 12-24 months – but our belief is that the overall trend will be positive.



Q4 2021 Highlights

26.0%

Vacancy

Calgary's overall office vacancy rate decreased to 26.0% in fourth-quarter 2021 – the first decline in vacancy since the pandemic started.

173,000 SF

Absorption

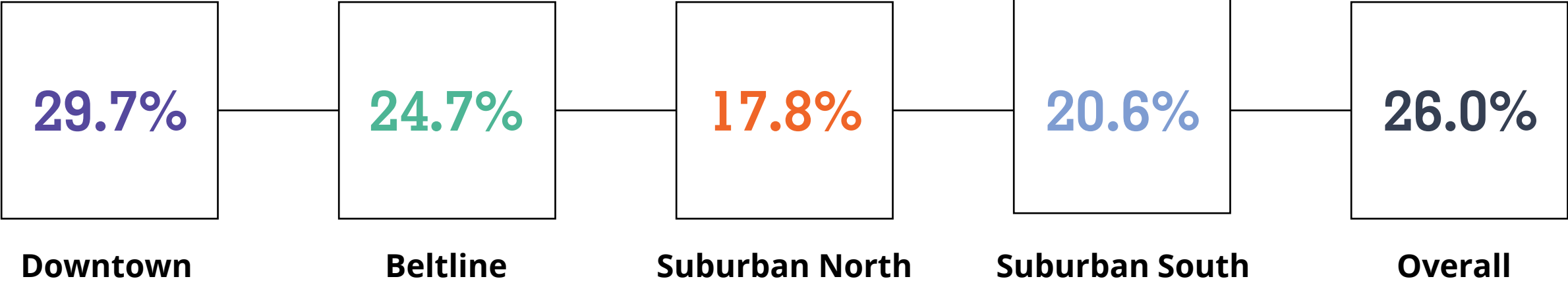
Occupancy increased by 173,000 square feet in fourth-quarter 2021 – the first positive absorption quarter for both Downtown and Calgary's overall office market since Q4 2019.

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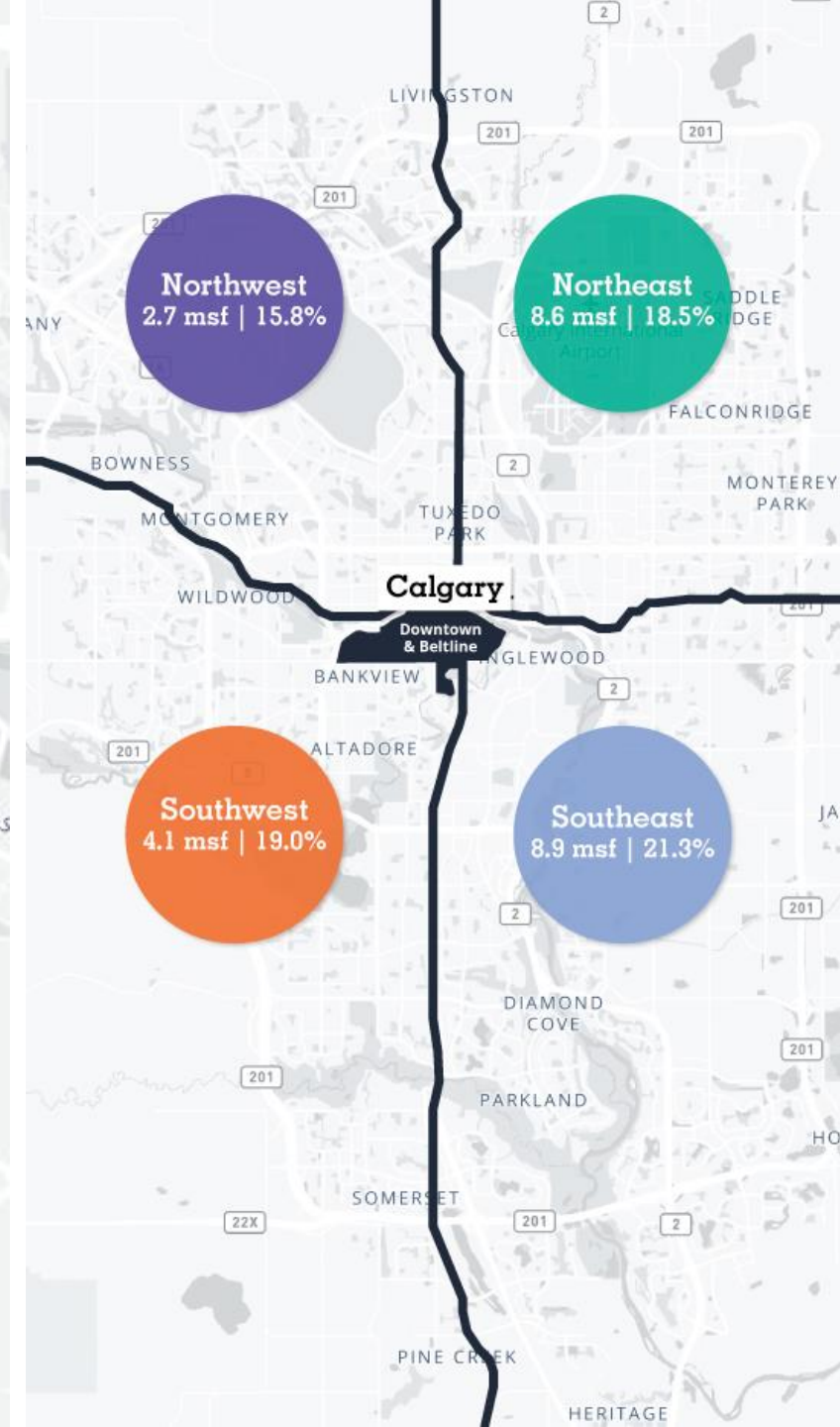
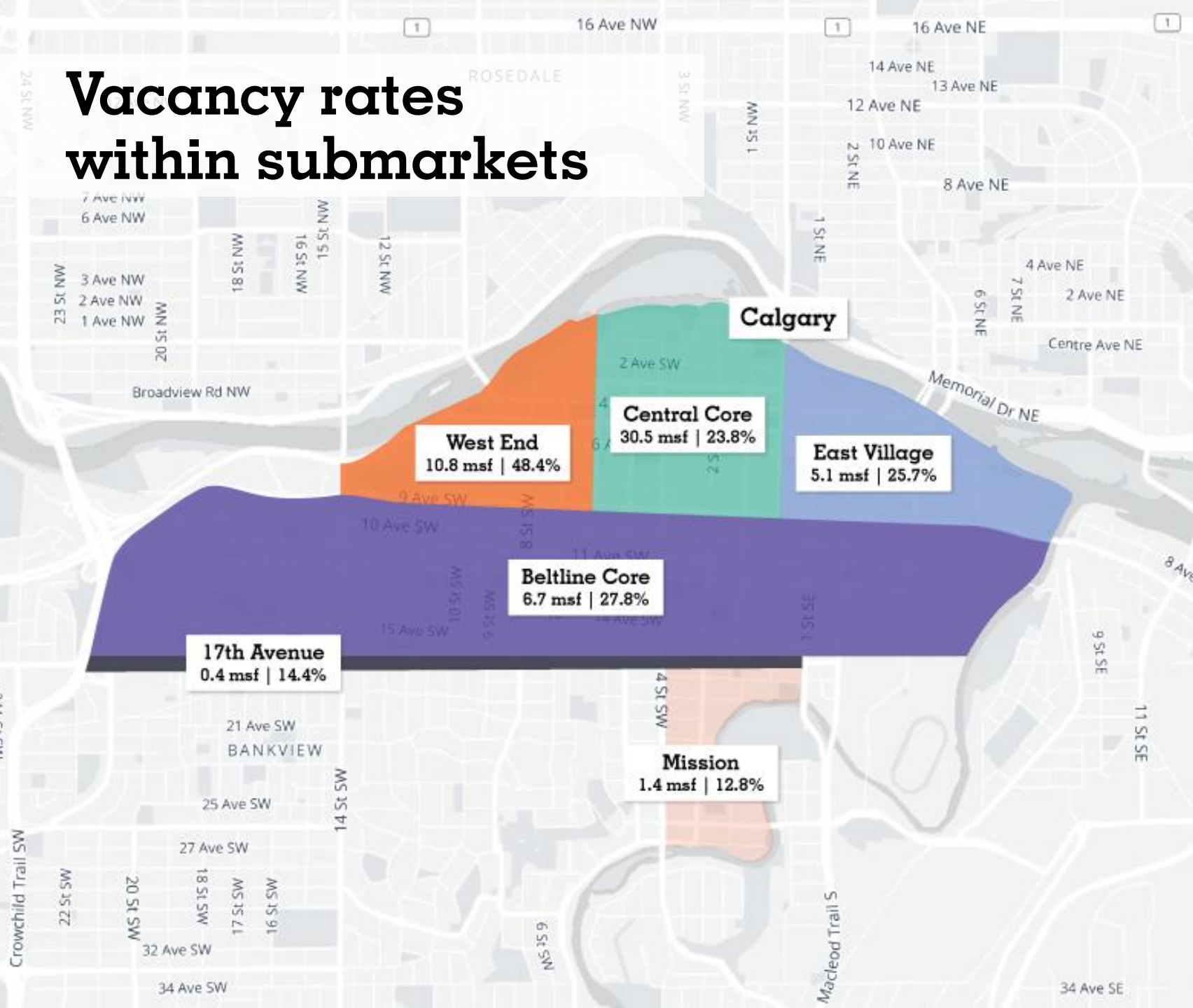
Adaptive reuse projects

The City of Calgary plans to announce agreements with 11 developers in early 2022 who will be leveraging the \$45M incentive program to convert office space into residences.

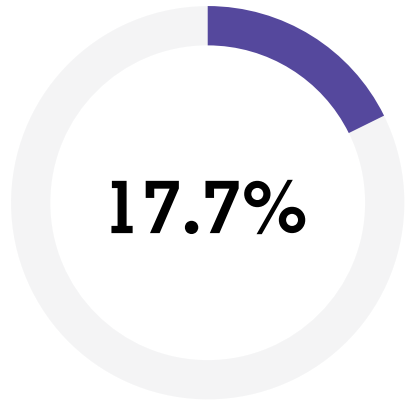
Vacancy rates by submarket



Vacancy rates within submarkets

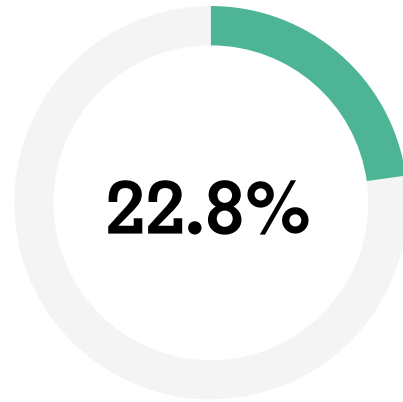


The case for optimism.



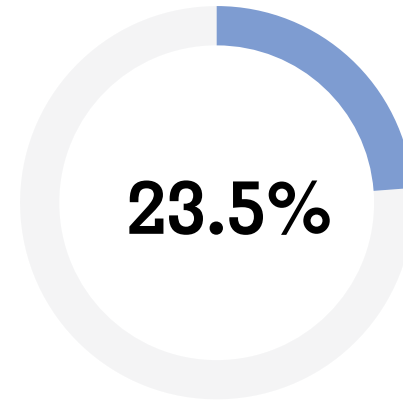
Flight to quality

The trophy buildings in Downtown Calgary (Class AA), which represent a third of the total office market, have a combined vacancy rate of **17.7%**, significantly below the overall Downtown vacancy rate of **29.7%**.



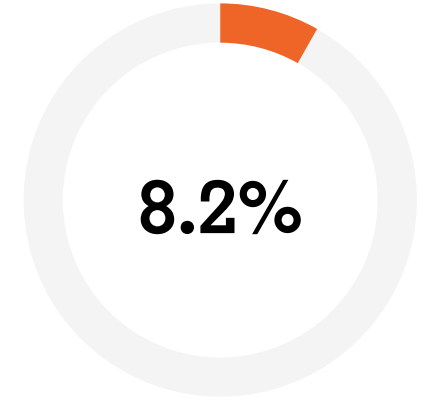
Landlords getting control

Sublease space makes up **22.8%** of Downtown available space today. At its peak in Q1 2016 sublease space made up **44.6%** of availability.



Central Core vs West End

Vacancy for Central Core Downtown (between Centre St & 5th St SW) is **23.8%** vs West End Downtown (west of 5th St SW) at **48.4%**.



Unemployment rate recovery

Calgary's December 2021 unemployment rate of **8.2%** is well below the pandemic peak of **15.7%** in June 2020 and has been trending downwards throughout 2021.

The case for optimism.

Market activity

Decisions about real estate requirements that were put on hold when the COVID-19 pandemic started are starting to move forward again.

There are more tenants in the market looking at space than there has been at any point previously during the last two years. As this starts to translate into closed deals, we anticipate that the next few quarters will be quite busy. However, it remains undetermined what net change this will translate to in overall office occupancy.

We have seen a wide variety of approaches to office requirements. Some companies have shrunk their footprint, but others are taking more space than before to better allow for social distancing, employee satisfaction and collaboration space that factors in technology and facility requirements to enable collaboration of hybrid in-office and remote employees.

Scarcity & upward pressure on rents

Premium space is becoming scarce: only 7.8% headlease vacancy in prime, Downtown, Class AA offices (i.e., most appealing spaces that meet hybrid requirements, meet ESG standards and are new/highly renovated).

Thanks to this higher demand and shrinking supply, we've started to record some upward pressure on rental rates for top-quality space both Downtown and in the suburbs.



2021 in review.

The COVID-19 pandemic came as Calgary's office market was already in a challenged position following a prolonged downturn which started in 2015. Between Q4 2019 and Q4 2021 Calgary's overall office vacancy rate increased from 22% to 26% and the Downtown vacancy rate increased from 24.2% to 29.7%.

With this unprecedented vacancy situation – a record high for Calgary – both the public and private sector are looking for ways to chip away at the problem on as many fronts as possible, and the private sector has responded in spades with positive results.

Within the real estate industry's control are the four Rs of recovery: Rents, Renovate, Reposition, or Repurpose.

Rental rates can be lowered as much as possible to attract or retain tenants. Landlords will also increase inducements, such as free rent and tenant improvement allowances, to attract companies to their property. Calgary has seen relatively stable rents for the last year, an indication that they have found their lower limit, but inducements continue to be lucrative and creative in some cases.

Renovate is the improvement of a building and or its amenities to allow it to better compete and improve the overall community vitality. Buildings such as The Edison, First Tower, Stephen Avenue Place, and The Ampersand are great examples of this, and the improvement programs in these buildings have proven popular with prospective tenants.

Reposition is targeting a different audience. If you were previously targeting large, multi-floor tenants, you shift to accommodating single-floor tenants or multiple tenants on a floor. Alternatively, you target certain types of companies. The average tenant in Calgary will be occupying a smaller footprint and comes from a greater diversity of industries versus the multi-floor energy companies that used to make up most of the downtown occupancy.

Repurpose is converting the building to a different purpose altogether. We've already seen office buildings in Calgary converted to market and affordable housing, hotels, education and self storage uses. However, something we have yet to see, and The City of Calgary has indicated they will be undertaking a study around this in late 2022, is the demolition of functionally obsolete buildings to make way for new development. We are likely to start hearing plans around building demolitions in the next few years.

2021 in review (continued).

On the public side of the equation, one of the first government programs underway is the Downtown Calgary Development Incentive Program put forward \$45M to support building owners in the conversion of Downtown office properties to residential uses. The grant allows for a maximum of \$10M per property or \$75 per square foot of existing office space that will be converted.

The first project to receive funds under program was announced in late 2021 - \$1M for a strip mall site at the corner of 4th Avenue and 5th Street SW. Briefings and interviews have indicated that the program is over subscribed, and several announcements will be made in early 2022. As these announcements are made, we will be adjusting our inventory, vacancy and forecast figures.

The locations for the buildings tapping into The City's grant program are expected to be in the West End of Downtown. West End Downtown has a significantly higher vacancy rate than the Central Core (48.4% vs 23.8%). The buildings in this part of Downtown tend to be older and smaller with fewer amenities, making it tough for them to compete with Central Core properties.

Another trend being watched is the impact of technology companies on Calgary's Downtown office occupancy. Historically these companies were quite small and located in small, character buildings in Calgary' inner city, but barely registered as

a downtown occupant. In 2012 tech companies represented less than a million square feet (under 2%) of downtown's office occupancy. Today they've grown into the 3-5% range, including companies such as Symend, Useful, and mCloud, with more announcements of new and growing tenants steadily being made.

We expect there will be more program announcements, to add to the efforts being made in the coming year to bring Calgary back towards a more balanced vacancy position through attraction, growth, incubation, acceleration, adaptive reuse and property redevelopment.

One last observation, the recent collapse of the arena deal to replace the Saddledome is not expected to be the end of the conversation. Calgary city council has indicated they will look into alternate avenues to build a new event centre, and its possible we could see Calgary Sports and Entertainment Corporation (CSEC) back at the table, as it is widely-viewed that a new event centre is a key piece of Calgary's revitalization puzzle.





The Calgary CRE story of 2021: A \$1B confidence investment

Oak Street Capital Real Estate purchases Western Canadian Place and a 45% stake in The Bow

“It's highly encouraging to see a major investor who has already made significant investments in our market double down and acquire two landmark office complexes in Calgary's downtown core. Oak Street's major investments into downtown Calgary in the second half of 2021 have international investors refocusing on Calgary as an investment market offering yields not attainable in most other North American markets for trophy assets.

The investments prove what downtown Calgary landlords have known since the 50s, we are a market that attracts large scale headquarter locations for top-tier tenants. Both of these investments offer Oak Street the ability to collect a low-risk income stream with enough term remaining that every incremental improvement in the leasing market mitigates the leasing risk at expiry.

We expect more transactions in the downtown core in 2022 to further solidify Calgary as a key office investment market in Canada and we see investment interest coming from cross boarder and overseas buyers.”

Walsh Mannas, Principal, Investment Sales

What does 2022 and beyond hold?

Downtown revitalization

The Downtown Calgary Development Incentive Program's \$45M grant program for developers to convert office space is reflected in our forecast. Under our optimistic projections the prediction is the program will remove 600,000 sf of vacant inventory over the next two years, maximizing the potential of the program. Under our reasonable assumptions, the prediction is the program will remove 300,000 sf of vacancy and inventory over the next two years. Unfortunately, even at the optimistic level of conversion, this will remove less than 1.5% of Calgary's Downtown office inventory.

To further expand the amount of space to be taken out of inventory, The City of Calgary has announced they will be studying potential buildings for demolition in Fall 2022 as the next phase of the program.

Smaller, functionally obsolete buildings which haven't seen significant capital investment in lifecycle improvements and are struggling to compete with newer, higher-quality properties, will be prime candidates for full site redevelopment. Many of the properties which meet these criteria are located in the West End of Downtown, which has over a third of its buildings in the 40-50-year age range, the functional lifespan of an office property without capital improvements. For every million square feet of inventory removed, Calgary's downtown office vacancy will decrease about 2%.

Why is there positive absorption on the horizon?

Our conversations with landlords, tenants and economic experts are indicating that in net terms tenants are planning to take more space than they give back in the foreseeable future. Additionally, the momentum of growth across the technology, food and beverage, life sciences, logistics, film & television, and the broader energy sectors, not just traditional oil and gas, indicate the pipeline of companies, employment, and overall potential is growing.

All the ingredients of a great city are here to support growth: high quality of life, a highly-educated workforce, growing job opportunities, affordability, the lowest corporate tax rate in Canada, good infrastructure, strong cultural diversity and identity, a well-supported economic opportunity ecosystem, world-class innovation and technological advancement, business incubation and acceleration hubs, and strategic government investment in programs, incentives, grants, and policy. The next few years in Calgary and Alberta will be very exciting.

Why Calgary?

A vibrant, multicultural city of 1.5 million people, Calgary's strengths are rooted in our values - innovative, entrepreneurial, and inclusive. Home to diverse industries, we are a city that embraces change and change-makers. Whether it's feeding, fueling, healing, or moving, Calgary is helping solve the world's problems through the adoption of transformative technologies. For any company embracing digital transformation, Calgary is the ideal city to grow your business.

Construction & new supply

Under Construction

Building Name	Address	Submarket	Office Area (sf)	Expected Completion	% Pre-Leased
Greenwich Village – Building K	80 Greenbriar View NW	Suburban North	25,000	Q2 2022	81%
Greenwich Village – Building J	80 Greenbriar View NW	Suburban North	46,000	Q2 2022	33%
University District – Block 23	4001 University Avenue NW	Suburban North	62,000	Q1 2022	8%
Uxborough Medical Centre	1941 Uxbridge Drive NW	Suburban North	146,000	Q3 2022	0%

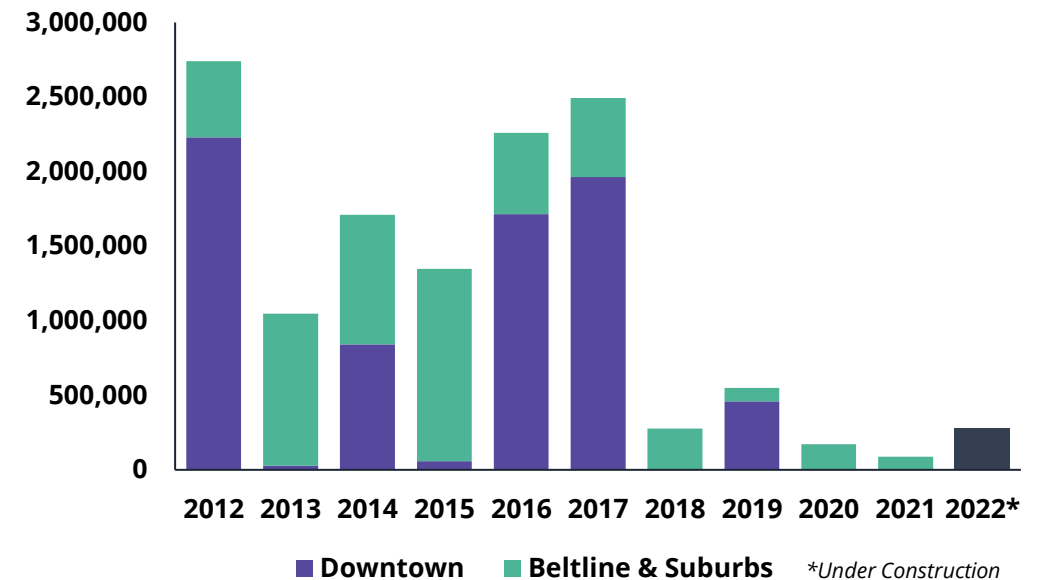
Proposed with strong probability of starting

Building Name	Address	Office Area (sf)	Number of Stories
Jackson Gate	4108 109 Avenue NE	37,000	1
Rundlehorn Professional Centre	6927 Rundlehorn Drive NE	26,000	2
Riley Park Health Centre 2	1402 8 Avenue NW	155,000	5
Northwest Health Centre	155 Nolanridge Court NW	27,000	3
Cambrian Medical Campus 1	4040 Bowness Road NW	115,000	5
Cambrian Medical Campus 2	4040 Bowness Road NW	88,000	5
Cambrian Medical Campus 3	4040 Bowness Road NW	97,000	5

There is very little construction of new office space taking place in Calgary. The 279,000 square feet currently being built is primarily medical/professional space in high-demand, suburban locations.

However, in the second half of 2021 there was a noticeable increase in development permit applications in the Suburban North Market. Seven buildings totaling 545,000 square feet, most with medical/healthcare as an intended use have been applied for. Together with the recently started Uxborough Medical Centre adjacent to Foothills Hospital on the former Stadium Shopping Centre site, clearly there is unmet demand developers are responding to, even if only a portion of these projects move ahead.

Calgary office new supply

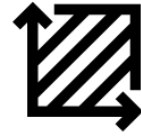
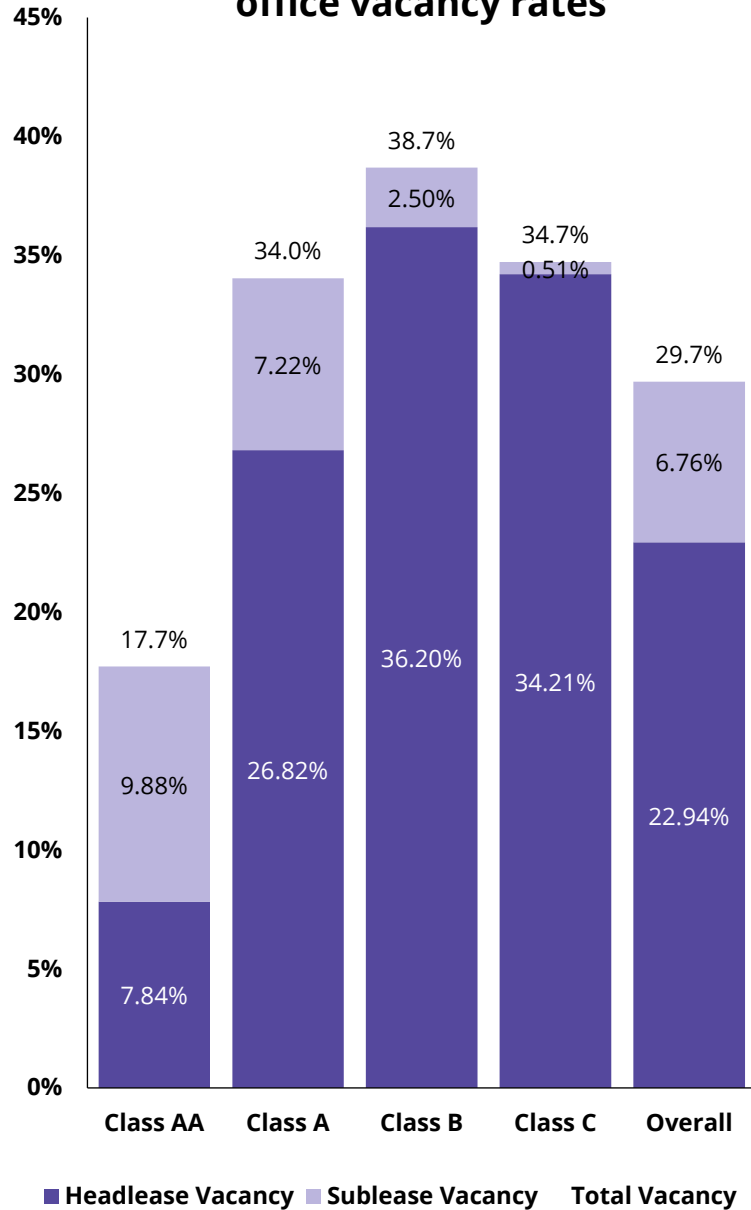


Downtown

Vacancy: 29.7% | Absorption: 78,000 square feet | Construction: 0 square feet



Downtown Calgary office vacancy rates



Vacancy rate

Vacancy decreased to 29.7% in Q4 2021. This is down from 29.9% in Q3 2021, but up from 26.9% in Q4 2020. This is the first time Calgary's Downtown office market has seen vacancy decrease since the COVID-19 pandemic started.



Absorption

Q4 2021 saw positive absorption of 78,000 sf. This is the first quarter of positive absorption for Downtown Calgary since Q4 2019.



Vacant space

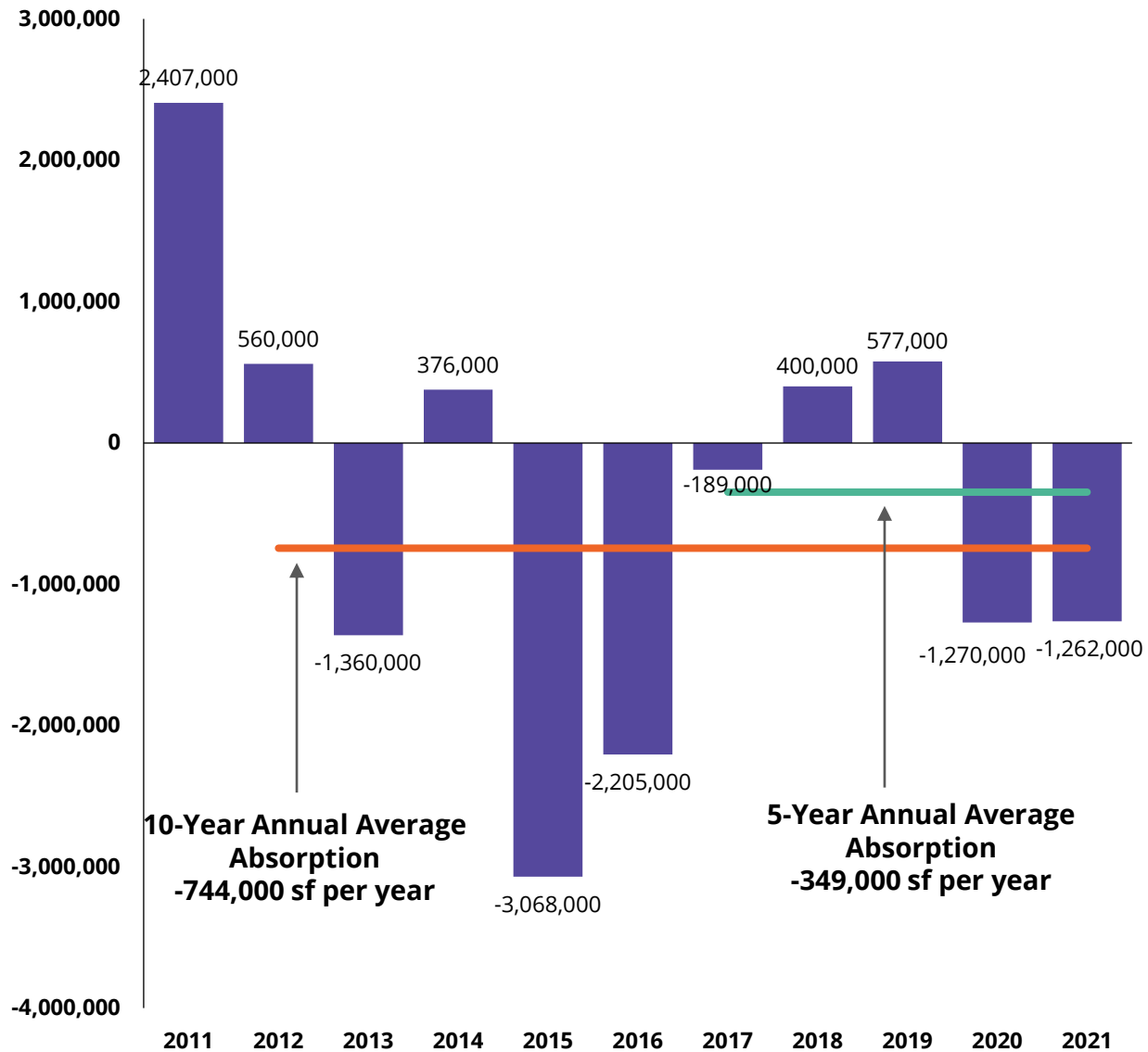
Total vacancy for the Downtown office market is 13.8 msf. This is broken down to 10.6 msf of headlease (77%) and 3.1 msf of sublease (23%).



Large availabilities

There are 23 availabilities in Downtown Calgary with over 100,000 sf as one contiguous block. These blocks of space represent 34% of the total availability in the Downtown market with 61% of this space available on a headlease basis.

Downtown Calgary 5-year & 10-year average annual absorption



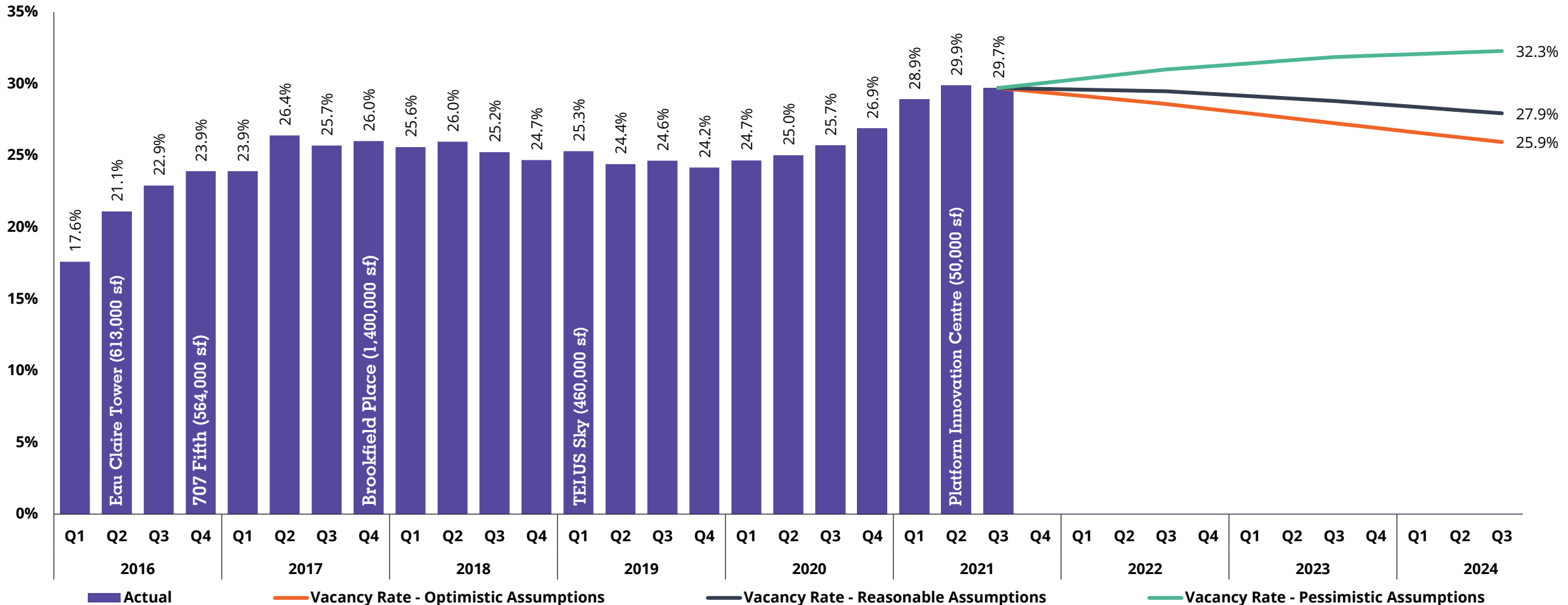
Empty buildings

Out of **171** office buildings over 20,000 sf currently tracked in Downtown Calgary, there are four completely empty office buildings – representing less than **2%** of the overall inventory. This figure grows to five buildings and just over **3%**, if you include Western Canadian Place, North Tower, which is over 95% vacant. There are an additional seven properties which have at least **75%** vacancy.

Fully-occupied buildings

There are **36** office buildings over 20,000 sf in Downtown Calgary - **12%** of the overall inventory - which have no availability.

Downtown Calgary office historical & projected vacancy




*Optimistic assumptions presume The City's \$45M financial incentive to convert office space to residential removes 600,000 sf from inventory and vacancy between Q1 2022 and Q4 2023

**Reasonable assumptions presume The City's \$45M financial incentive to convert office space to residential removes 300,000 sf from inventory and vacancy between Q1 2022 and Q4 2022



Beltline

Vacancy: 24.7% | Absorption: -93,000 square feet | Construction: 0 square feet



Beltline Calgary office vacancy rates



Vacancy rate

The vacancy rate in the Beltline office market increased to 24.7% in Q4 2021, up from 23.6% in Q3 2021, and up from 22.3% in Q4 2020. This is a new record-high vacancy rate for the Beltline.



Absorption

Absorption for Q4 2021 was negative 93,000 sf in Calgary's Beltline office market. 2021 was the Beltline's worst year for negative absorption, having given back 222,000 sf of occupancy, since 2013, which had negative 227,000 sf of absorption.



Empty buildings

Out of 119 office buildings over 20,000 sf currently tracked in Beltline Calgary, there are four which are completely empty. There are an additional two properties which have greater than 75% vacancy.



Large availabilities

There are ten availabilities in Beltline Calgary with over 30,000 sf available contiguously. These ten blocks of space represent 30% of the total availability of space in the Beltline market, 53% of this space is available on a headlease basis.



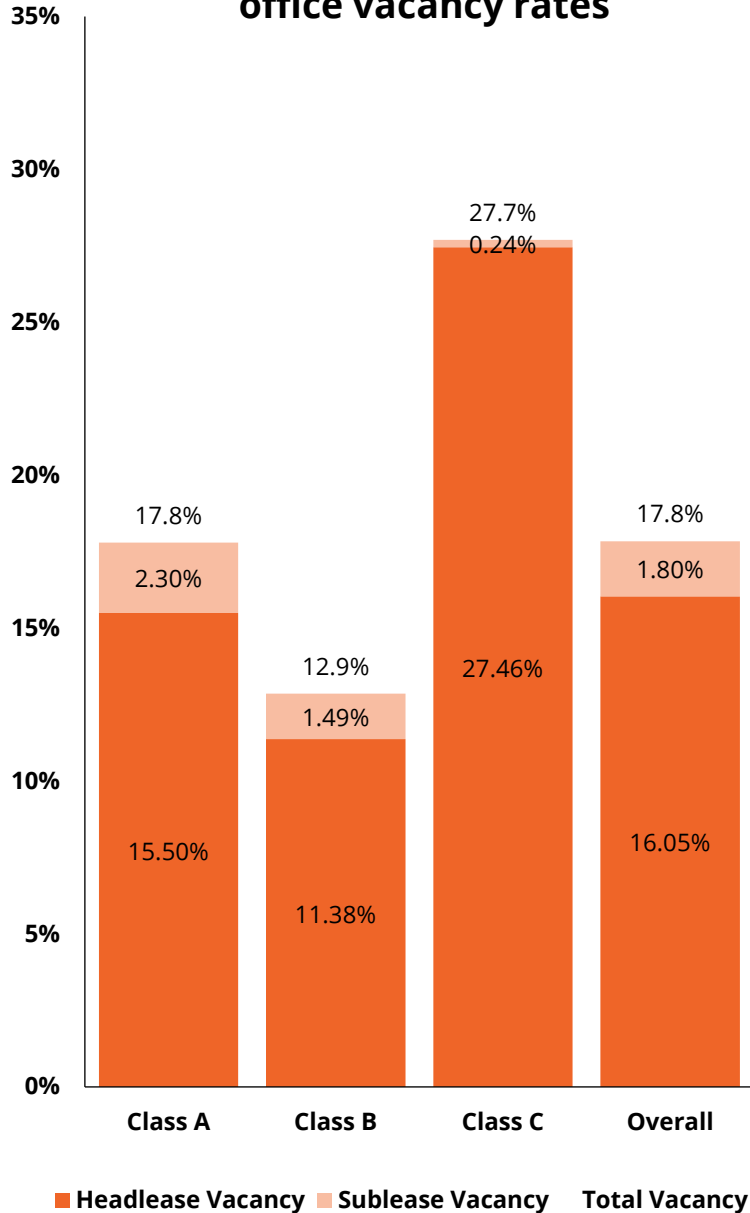
Suburban North

Vacancy: 17.8% | Absorption: 126,000 square feet | Construction: 279,000 square feet

1925 18 AVE. N.E.

1925
18 AVE. N.E.

Suburban North Calgary office vacancy rates



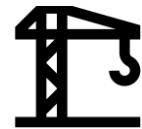
Vacancy rate

The vacancy rate as of Q4 2021 is 17.8%, down from 19.0% in Q3 2021, and up from 18.3% in Q4 2020. Meanwhile vacancy broken down by quadrants is 18.5% for the Suburban Northeast and 15.8% for the Suburban Northwest.



Absorption

Absorption for Q4 2021 was positive 126,000 sf in Calgary's Suburban North office market. 2021, with 89,000 sf for the year, was the best year for absorption since 2018, which saw 131,000 sf of positive absorption.



Construction & new supply

All four buildings under construction in Calgary are in the Suburban North: University District's Block 23, Greenwich Village Buildings K and J, and Uxborough Medical Centre. Altogether these buildings contain 279,000 sf and have 16% preleasing in place.



Large availabilities

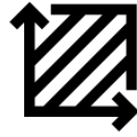
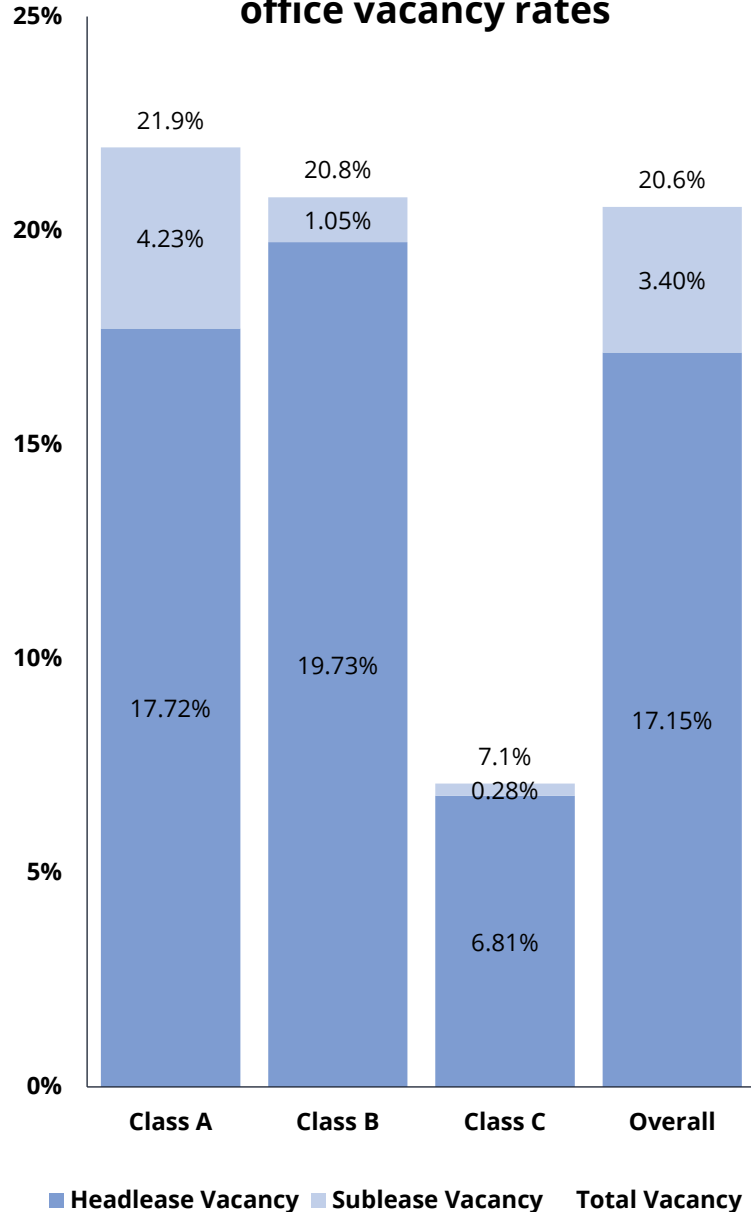
There are 13 available options for contiguous blocks of office space over 30,000 sf in Suburban North Calgary. These blocks represent 58% of the total availability in the Suburban North office market and 79% of this space is available on a headlease basis.

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Suburban South

Vacancy: 20.6% | Absorption: 63,000 square feet | Construction: 0 square feet

Suburban South Calgary office vacancy rates



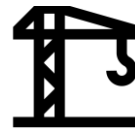
Vacancy rate

The vacancy rate decreased to 20.6% in Q4 2021, down from 20.8% in Q3 2021, and up from 19.8% in Q4 2020. Meanwhile, vacancy broken down by quadrants is 21.3% for Suburban Southeast, and 19.0% for the Suburban Southwest.



Absorption

Absorption for Q4 2021 was positive 63,000 sf in Calgary's Suburban South office market. This marks the third consecutive quarter of positive absorption in the Suburban South, a trend we haven't seen since before the pandemic started.



Construction & new supply

For the first time in over 20 years there is no office construction taking place in Calgary's Suburban South office market.



Large availabilities

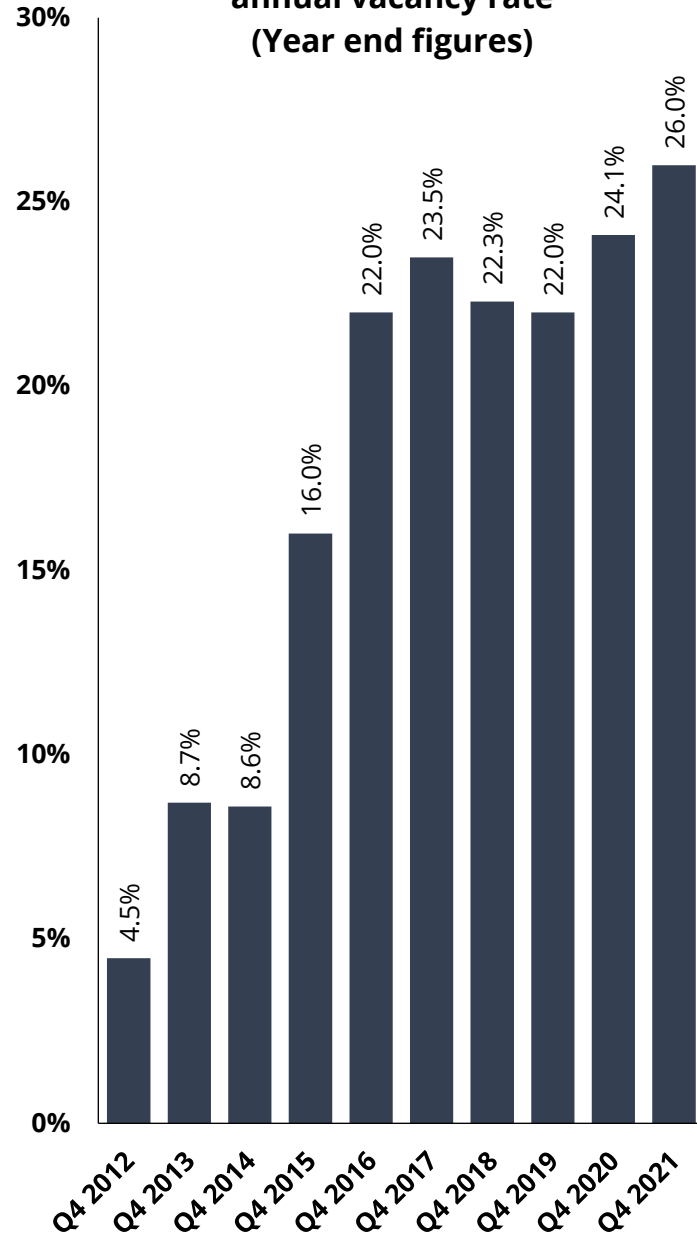
There are 18 contiguous availabilities in Suburban South Calgary over 30,000 sf. These 18 blocks of space represent 42% of the total availability in the Suburban South office market and 53% is available on a headlease basis.



Overall

Vacancy: 26.0% | Absorption: 173,000 square feet | Construction: 279,000 square feet

Calgary Overall office market annual vacancy rate (Year end figures)



Vacancy rate

Q4 2021 saw vacancy decrease to 26.0% from 26.1% in Q3 2021, but is up from 19.8% in Q4 2020. This quarter marks the first time Calgary's overall office market has seen vacancy decrease since the COVID-19 pandemic started.



Absorption

The overall absorption in Calgary's office market in Q4 2021 was positive, with 173,000 square feet of occupancy gained during the quarter. Q4 2021 was the first positive absorption quarter recorded in since Q4 2019.



Occupancy costs

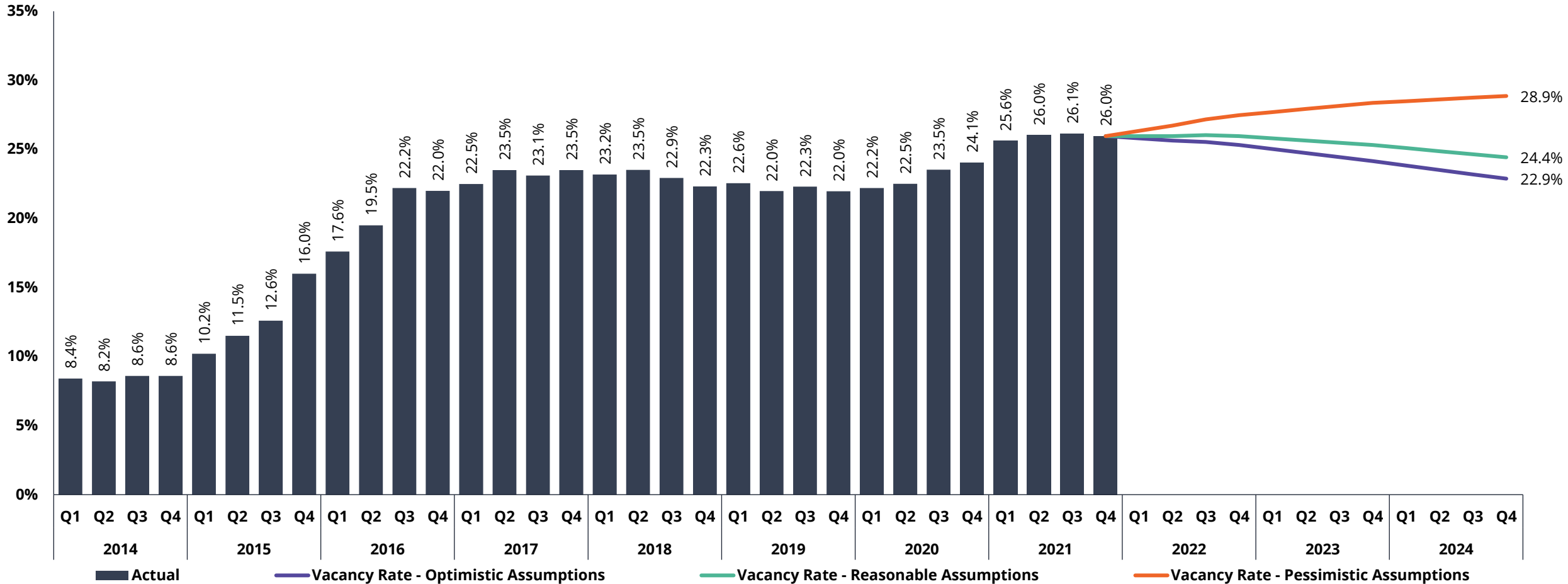
Most asking rental rates remained stable throughout 2021, but we are starting to see upward pressure on those premium spaces which are starting to see some scarcity. Landlords continue to be extremely aggressive to either maintain their tenancy levels or attract new tenants to their properties which have higher than market vacancy rates.



Tenant inducements

Landlords are looking to be as creative as possible so inducements, improvement allowances, free rent periods, blend and extend opportunities, and general flexibility in business terms are being stretched during this time period.

Overall Calgary office historical & projected vacancy



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**Reasonable assumptions presume The City's \$45M financial incentive to convert office space to residential removes 300,000 sf from inventory and vacancy between Q1 2022 and Q4 2022

Calgary Q4 2021 office market statistics

	New Supply (sf)	Inventory (sf)	Number of Buildings	Headlease Vacancy (sf)	Sublease Vacancy (sf)	Total Vacancy (sf)	Headlease Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	Occupancy (sf)	Absorption for Quarter (sf)	Under Construction (sf)
Downtown	0	46,372,579	171	10,636,931	3,136,056	13,772,987	22.9%	6.8%	29.7%	32,599,592	77,557	0
Class AA	0	15,381,587	19	1,205,860	1,519,437	2,725,297	7.8%	9.9%	17.7%	12,656,290	10,067	0
Class A	0	18,637,645	51	4,997,881	1,346,486	6,344,367	26.8%	7.2%	34.0%	12,293,278	40,678	0
Class B	0	10,422,313	66	3,772,589	260,235	4,032,824	36.2%	2.5%	38.7%	6,389,489	38,229	0
Class C	0	1,931,034	35	660,601	9,898	670,499	34.2%	0.5%	34.7%	1,260,535	-11,417	0
Beltline	0	8,495,402	119	1,588,167	508,390	2,096,557	18.7%	6.0%	24.7%	6,398,845	-92,970	0
Class A	0	3,203,193	31	396,786	411,141	807,927	12.4%	12.8%	25.2%	2,395,266	9,124	0
Class B	0	3,627,251	61	941,311	57,332	998,643	26.0%	1.6%	27.5%	2,628,608	-96,415	0
Class C	0	1,664,958	27	250,070	39,917	289,987	15.0%	2.4%	17.4%	1,374,971	-5,679	0
Suburban North	0	11,274,418	183	1,809,208	202,407	2,011,615	16.0%	1.8%	17.8%	9,262,803	125,591	278,888
Class A	0	6,644,980	86	1,029,853	153,037	1,182,890	15.5%	2.3%	17.8%	5,462,090	111,621	278,888
Class B	0	3,058,390	61	347,982	45,523	393,505	11.4%	1.5%	12.9%	2,664,885	7,178	0
Class C	0	1,571,048	36	431,373	3,847	435,220	27.5%	0.2%	27.7%	1,135,828	6,792	0
Suburban Northeast	0	8,584,811	130	1,477,361	108,050	1,585,411	17.2%	1.3%	18.5%	6,999,400	9,497	0
Class A	0	5,067,557	59	790,800	58,680	849,480	15.6%	1.2%	16.8%	4,218,077	-5,113	0
Class B	0	2,220,493	43	281,226	45,523	326,749	12.7%	2.1%	14.7%	1,893,744	7,178	0
Class C	0	1,296,761	28	405,335	3,847	409,182	31.3%	0.3%	31.6%	887,579	7,432	0
Suburban Northwest	0	2,689,607	53	331,847	94,357	426,204	12.3%	3.5%	15.8%	2,263,403	116,094	278,888
Class A	0	1,577,423	27	239,053	94,357	333,410	15.2%	6.0%	21.1%	1,244,013	116,734	278,888
Class B	0	837,897	18	66,756	0	66,756	8.0%	0.0%	8.0%	771,141	0	0
Class C	0	274,287	8	26,038	0	26,038	9.5%	0.0%	9.5%	248,249	-640	0
Suburban South	0	13,048,822	187	2,238,234	443,938	2,682,172	17.2%	3.4%	20.6%	10,366,650	62,970	0
Class A	0	9,915,632	123	1,756,571	419,257	2,175,828	17.7%	4.2%	21.9%	7,739,804	75,638	0
Class B	0	2,076,390	41	409,743	21,704	431,447	19.7%	1.0%	20.8%	1,644,943	-8,018	0
Class C	0	1,056,800	23	71,920	2,977	74,897	6.8%	0.3%	7.1%	981,903	-4,650	0
Suburban Southeast	0	8,929,166	132	1,524,496	375,421	1,899,917	17.1%	4.2%	21.3%	7,029,249	58,057	0
Class A	0	6,972,462	89	1,277,435	354,230	1,631,665	18.3%	5.1%	23.4%	5,340,797	59,245	0
Class B	0	1,089,083	25	178,943	18,214	197,157	16.4%	1.7%	18.1%	891,926	3,502	0
Class C	0	867,621	18	68,118	2,977	71,095	7.9%	0.3%	8.2%	796,526	-4,690	0
Suburban Southwest	0	4,119,656	55	713,738	68,517	782,255	17.3%	1.7%	19.0%	3,337,401	4,913	0
Class A	0	2,943,170	34	479,136	65,027	544,163	16.3%	2.2%	18.5%	2,399,007	16,393	0
Class B	0	987,307	16	230,800	3,490	234,290	23.4%	0.4%	23.7%	753,017	-11,520	0
Class C	0	189,179	5	3,802	0	3,802	2.0%	0.0%	2.0%	185,377	40	0
Suburban Total	0	24,323,240	370	4,047,442	646,345	4,693,787	16.6%	2.7%	19.3%	19,629,453	188,561	278,888
Class A	0	16,560,612	209	2,786,424	572,294	3,358,718	16.8%	3.5%	20.3%	13,201,894	187,259	278,888
Class B	0	5,134,780	102	757,725	67,227	824,952	14.8%	1.3%	16.1%	4,309,828	-840	0
Class C	0	2,627,848	59	503,293	6,824	510,117	19.2%	0.3%	19.4%	2,117,731	2,142	0
Calgary Total	0	79,191,221	660	16,272,540	4,290,791	20,563,331	20.5%	5.4%	26.0%	58,627,890	173,148	278,888
Class AA & A	0	53,783,037	310	9,386,951	3,849,358	13,236,309	17.5%	7.2%	24.6%	40,546,728	247,128	278,888
Class B	0	19,184,344	229	5,471,625	384,794	5,856,419	28.5%	2.0%	30.5%	13,327,925	-59,026	0
Class C	0	6,223,840	121	1,413,964	56,639	1,470,603	22.7%	0.9%	23.6%	4,753,237	-14,954	0

Average asking rents

Downtown | Headlease

	Low	High	Average
Class AA	\$24.00	\$30.00	\$27.00
Class A	\$13.00	\$18.00	\$15.50
Class B	\$7.00	\$12.00	\$9.50
Class C	\$2.00	\$7.00	\$4.50

Suburban North | Headlease

	Low	High	Average
New Construction	\$22.00	\$30.00	\$26.00
Class A	\$16.00	\$22.00	\$19.00
Class B	\$7.00	\$15.00	\$11.00
Class C	\$2.00	\$10.00	\$6.00

Beltline | Headlease

	Low	High	Average
Class A	\$16.00	\$24.00	\$20.00
Class B	\$10.00	\$14.00	\$12.00
Class C	\$2.00	\$12.00	\$7.00

Suburban South | Headlease

	Low	High	Average
New Construction	\$24.00	\$29.00	\$26.00
Class A	\$15.00	\$23.00	\$19.00
Class B	\$10.00	\$15.00	\$12.50
Class C	\$6.00	\$12.00	\$9.00

**All rents are based on a minimum 2-year deal*

Average asking rents

Downtown | Sublease

	Low	High	Average
Class AA	\$8.00	\$22.00	\$15.00
Class A	\$4.00	\$12.00	\$8.00
Class B	\$3.00	\$7.00	\$5.00
Class C	\$0.00	\$4.00	\$2.00

Suburban North | Sublease

	Low	High	Average
New Construction	\$15.00	\$22.00	\$18.50
Class A	\$8.00	\$15.00	\$11.50
Class B	\$6.00	\$12.00	\$9.00
Class C	\$0.00	\$4.00	\$2.00

Beltline | Sublease

	Low	High	Average
Class A	\$5.00	\$15.00	\$10.00
Class B	\$3.00	\$7.00	\$5.00
Class C	\$0.00	\$5.00	\$2.50

Suburban South | Sublease

	Low	High	Average
New Construction	\$15.00	\$28.00	\$21.50
Class A	\$10.00	\$15.00	\$12.50
Class B	\$6.00	\$12.00	\$9.00
Class C	\$0.00	\$4.00	\$2.00

**Sublease rates vary significantly based on length of deal signed*

***A benchmark term of two years was assumed for these rates*

Average taxes & operating costs

	Class AA	Class A	Class B	Class C	All Classes
Downtown	\$21.35	\$18.67	\$16.08	\$15.15	\$18.94
Beltline	-	\$16.65	\$16.45	\$16.90	\$16.62
Suburban North	-	\$14.60	\$14.39	\$12.23	\$14.16
Suburban South	-	\$15.24	\$14.68	\$11.31	\$14.81
Overall	\$21.35	\$17.13	\$15.79	\$14.36	\$16.45

(per square foot, per annum)

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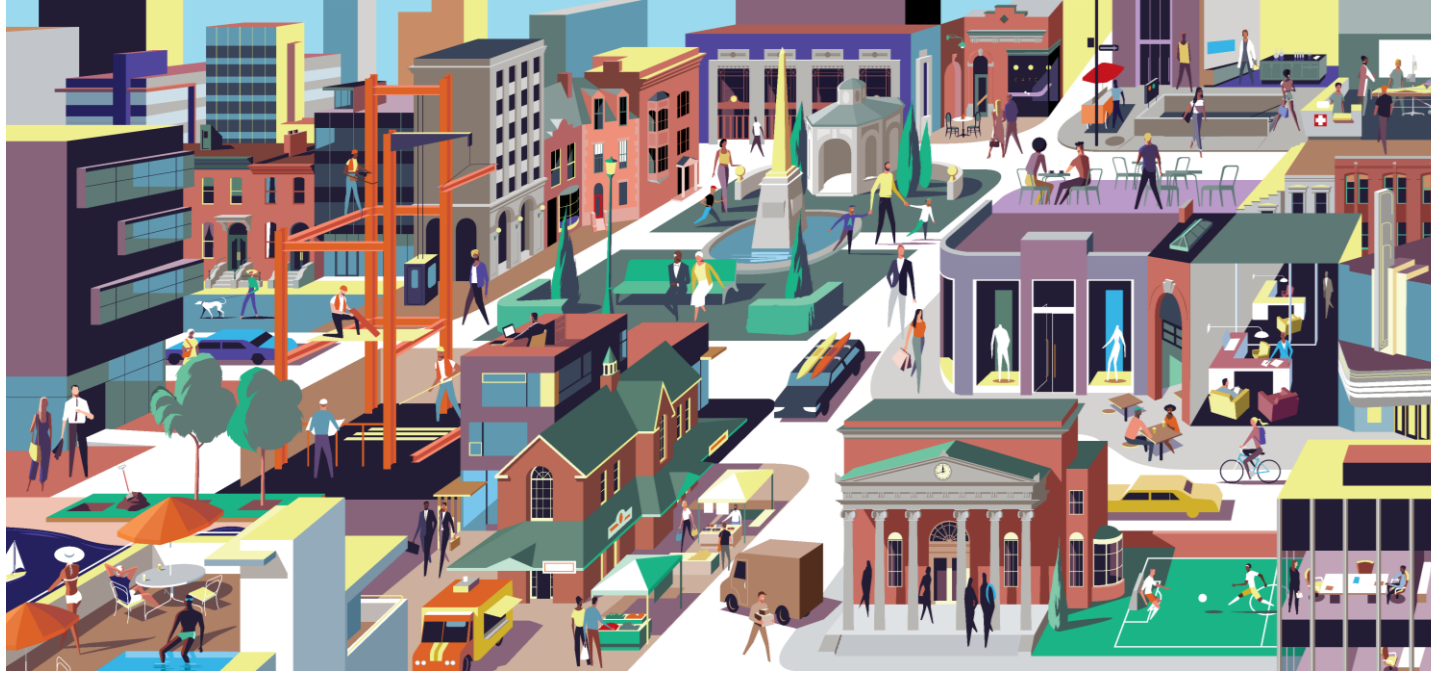
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