

Calgary leads office space development in Canada; City a haven for
headquarters
[Calgary Herald](#)

The business community's appetite for office space has pushed Calgary to the top of the country for square footage per capita -- beating bigger cities such as Toronto, Vancouver and Montreal.

And current projects under construction will add more than nine million square feet of office space to a growing inventory in recent years.

Calgary has the highest amount of office space per capita in Canada with 47.4 square feet of space per person, well ahead of the next highest cities -- Ottawa at 41.7, Toronto at 31.7, Montreal at 21.4, Vancouver at 21.0 and Edmonton at 20.2, says a report by Avison Young Commercial Real Estate (Alberta) obtained by the Herald.

When you add the 9.3 million square feet of new space which is already under construction -- compared with 360,000 in Ottawa, 5.9 million in Toronto, 944,000 in Montreal, 1.2 million in Vancouver and 1.5 million in Edmonton -- "you start to see why Calgary has one of the leading office markets in North America," said Susan Thompson, research manager of the Annual Calgary Office Report Mid-Year 2008.

The pace of new office construction throughout the city shows continued confidence in the future of our economy, said Richard Pootmans, business development manager of real estate for Calgary Economic Development.

The high office space per capita ratio "clearly speaks to the nature of our city as a head office centre with the second most head offices in Canada," he said.

Head offices employ a highly educated workforce that supports a significant professional services sector.

"Anchored by the energy sector, we have grown to reach a critical mass of professional services -- notably in financial services," Pootmans said. "These professional services sectors will also drive growth as expertise based in Calgary continues and increasingly serves Canadian, international markets."

He said he's optimistic office space being built will be absorbed by the energy sector and professional services.

"People are concerned . . . they're asking us about what the vacancy rate will look like at the end of this development cycle and we still have a model that shows that it's approximately 10 to perhaps 12 per cent vacancy which is a new

rebalancing at a higher level of supply and demand in the future. Back to more of a tenant market than a landlord market perhaps."

The Avison Young report says there are 39 office projects under construction in the city, containing 9.3 million square feet. That will be an 18 per cent increase to the existing inventory. Another 42 projects, containing a further 6.3 million square feet, are in the pre-leasing stage of development and a further 26 projects, containing 14.7 million square feet, have been proposed for development should demand dictate a need or sufficient pre-leasing be completed.

The overall vacancy for the city rose for the fourth straight quarter at the end of June to 2.82 per cent, up from 2.35 per cent in the first quarter of 2008 and 0.90 per cent a year ago. Avison Young says this represents about 1.5 million square feet out of the total office market inventory of 52.5 million square feet across the city.

The report also said 2009 is going to be a big year for new office building completions with 21 buildings and a total combined area of 4.7 million square feet scheduled to open for tenants.

Calgary leads the nation in office space per capita likely because "we are such an office-intensive city as it relates to the oil and gas industry," said Todd Thronson, managing partner in the Calgary office of Avison Young.

And judging by the current pace of construction, there is still demand.

"There's still not a lot of large blocks of space for tenants to move into," he said. "So for a large organization they have little, if any, choice to make until new product is built."

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