



Calgary's First Quarter 2026
Downtown Office Leasing
Landscape

Market Analysis



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Calgary's First Quarter 2026 Downtown Office Leasing Landscape

“Uncertainties in global activity may lead to increased commercial real estate activity. While some companies are favoring to evaluate future plans, we have seen a trend for employees returning to the office. Numerous larger quality subleases are hitting the market which will likely drive increased leasing activity.”



Allan Jones
Executive Vice President
Barclay Street Real Estate

80.6% NO CHANGE **OVERALL OCCUPANCY RATE**
Total leased space
(32,949,478 sf)

19.4% NO CHANGE **OVERALL VACANCY RATE**
Space marketed for headlease
only (7,946,351 sf)

23.0% -0.6% **OVERALL AVAILABILITY**
Total amount of space available
for headlease/sublease/sub-
sublease/office-share, etc.
(9,413,050 sf)

WITHIN-CLASS

CLASS AA
90.3% NO CHANGE **OCCUPANCY**
9.7% NO CHANGE **VACANCY**
13.1% -1.8% **AVAILABILITY**

CLASS A
80.0% -0.8% **OCCUPANCY**
20.0% +0.8% **VACANCY**
25.0% +1.2% **AVAILABILITY**

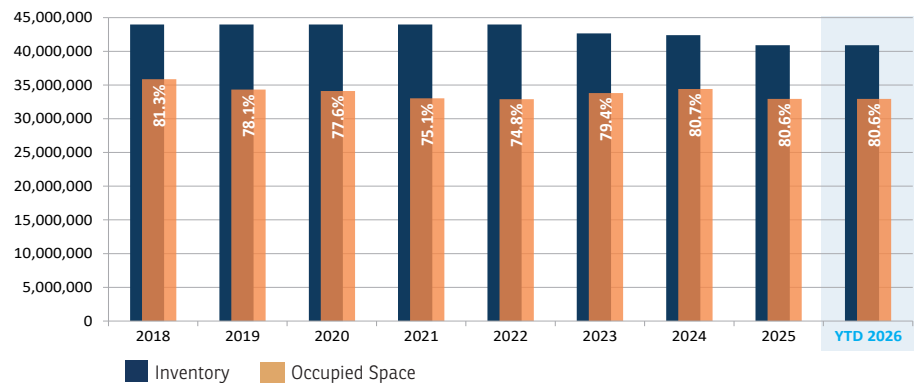
CLASS B
67.6% +0.9% **OCCUPANCY**
32.4% -0.9% **VACANCY**
34.0% -1.4% **AVAILABILITY**

CLASS C
77.9% +1.2% **OCCUPANCY**
22.1% -1.2% **VACANCY**
23.0% -1.3% **AVAILABILITY**

Market Overview

Picking up from last quarter, Calgary's downtown office market continues to demonstrate stability, with both occupancy and vacancy rates holding steady. Overall availability (space marketed for both headlease and sublease) declined by 60 basis points this quarter, driven primarily by increased sublease absorption.

ANNUAL OCCUPANCY & INVENTORY CHANGES



QUARTERLY DOWNTOWN MARKET STATISTICS

| | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 |
|----------------------------|-----------------------|----------------------|----------------------|----------------------|
| Total Available Space | 25.4% (10,554,310 sf) | 23.0% (9,561,761 sf) | 23.6% (9,657,650 sf) | 23.0% (9,413,050 sf) |
| Vacancy | 20.7% (8,581,404 sf) | 18.9% (7,851,723 sf) | 19.4% (7,940,227 sf) | 19.4% (7,946,351 sf) |
| Balance of Available Space | 4.75% (1,972,906 sf) | 4.12% (1,710,038 sf) | 4.20% (1,717,423 sf) | 3.59% (1,466,699 sf) |
| Inventory | 41,547,564 sf | 41,547,564 sf | 40,895,829 sf | 40,895,829 sf |

Of the total space available, 15.6% is available for sublease – a 2% decrease from year-end 2025 (please refer to the “Headlease vs. Sublease Distribution of Total Available Space” chart under “Availability by Size and Building Class” section on the next page). This reduction reflects stronger leasing activity within the sublease segment, as tenants continue to take advantage of shorter-term, more cost-effective opportunities.

Performance across asset classes shifted this quarter. While Class AA assets softened relative to previous trends, Class C buildings recorded the highest level of leasing activity, with occupancy rising 120 basis points since the beginning of the year – counter to the class's performance in 2025. Class C space also saw a notable decline in availability, down 130 basis points, highlighting a broader shift in occupier behaviour toward more economical options. Class A and C tend to fluctuate while class B spaces are steady as they balance having amenities and a more affordable cost.

Similarly, Class B product was in demand this quarter, with occupancy increasing by 90 basis points. Sublease activity was more prevalent within this segment, contributing to a 140 basis point decline in sublease availability.

Overall, increased sublease absorption alongside stronger demand for Class B and C product points to a continued cost-conscious tenant base. Rather than committing to long-term leases in premium buildings, occupiers are prioritizing flexibility and affordability, particularly in an environment of ongoing economic uncertainty. Notably, Floors 35, 37 and 38 of the *Western Canadian Place North Tower* were subleased this quarter totalling 55,475 square feet of office space amongst three floors.



Western Canadian Place North

Leasing Activity

Leasing activity this quarter was concentrated primarily in the east quadrant, with additional movement observed in the downtown core. For example, the *Petex Building* – exclusively leased by Barclay Street – has had approximately 13,000 square feet headleased along with 11,800 square feet subleased. This distribution reflects a preference for competitively priced space and buildings offering practical occupancy solutions.



Petex Building

Macroeconomic factors continue to influence leasing behavior. Ongoing volatility in oil prices – driven by geopolitical uncertainty. As a result, large-scale leasing decisions may be deferred in the near term, with market activity expected to remain focused on smaller, opportunistic transactions rather than major anchor commitments.



Place 9-6

Despite these headwinds, the downtown office market recorded positive net absorption of 244,600 square feet this quarter, marking an increase of 340,000 square feet compared to the previous period. Amidst the strong sublease activity this quarter, Barclay Street's exclusive listing at *Place 9-6* has subleased 6,200 square feet.

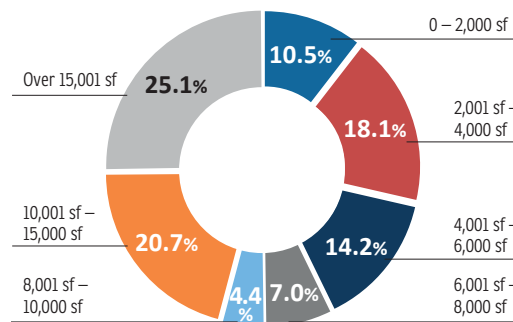
This growth was largely concentrated within the sublease market, reinforcing its role as a key driver of current leasing momentum.

Availability by Size and Building Class

HEADLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

| Size Range | AA | A | B | C |
|-----------------------|-----------|------------|------------|-----------|
| 0 – 2,000 sf | 0 | 10 | 42 | 16 |
| 2,001 sf – 4,000 sf | 3 | 36 | 81 | 32 |
| 4,001 sf – 6,000 sf | 3 | 35 | 68 | 12 |
| 6,001 sf – 8,000 sf | 5 | 16 | 27 | 10 |
| 8,001 sf – 10,000 sf | 6 | 12 | 16 | 4 |
| 10,001 sf – 15,000 sf | 9 | 73 | 82 | 10 |
| 15,001+ | 55 | 80 | 37 | 1 |
| Overall | 81 | 262 | 353 | 85 |

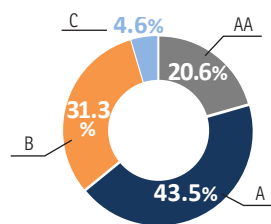
DISTRIBUTION OF OPTIONS BY SIZE RANGE



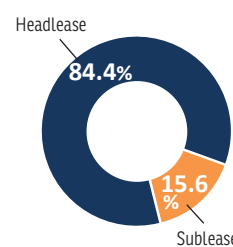
SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

| Size Range | AA | A | B | C |
|-----------------------|-----------|-----------|-----------|----------|
| 0 – 2,000 sf | 5 | 11 | 7 | 0 |
| 2,001 sf – 4,000 sf | 1 | 2 | 3 | 0 |
| 4,001 sf – 6,000 sf | 3 | 3 | 0 | 1 |
| 6,001 sf – 8,000 sf | 0 | 4 | 2 | 0 |
| 8,001 sf – 10,000 sf | 1 | 1 | 0 | 0 |
| 10,001 sf – 15,000 sf | 2 | 3 | 3 | 1 |
| 15,001+ | 17 | 36 | 4 | 0 |
| Overall | 29 | 60 | 19 | 2 |

DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS

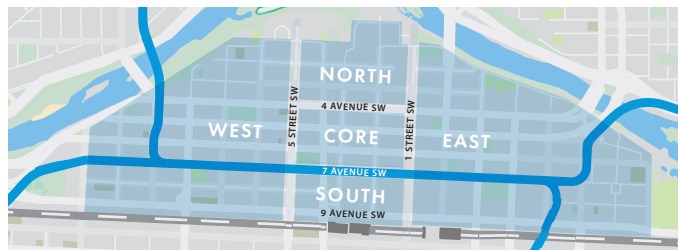


HEADLEASE VS. SUBLEASE DISTRIBUTION OF TOTAL AVAILABLE SPACE



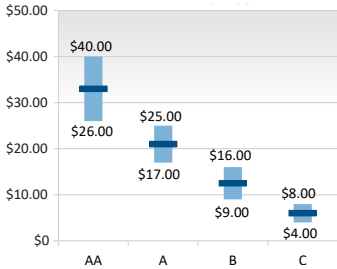
Availability by Location

| | |
|-------|---------|
| CORE | 24.2% ↓ |
| NORTH | 20.2% ↑ |
| EAST | 15.8% ↓ |
| SOUTH | 13.3% ↑ |
| WEST | 40.2% ↑ |

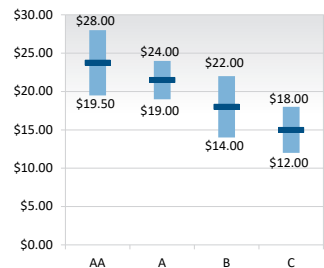


Average Costs

AVERAGE HEADLEASE RATES BY BUILDING CLASS



AVERAGE OPERATING COSTS BY BUILDING CLASS



Downtown Development Incentive Program (DDIP) Updates

The Downtown Development Incentive Program (DDIP) continues to play a meaningful role in reshaping the downtown office landscape. The completion of *The HAT @ Ninth* marks the program's seventh finalized project, having received \$8.3 million in funding. This development, formally known as Teck Place, has successfully converted underused office space into 108 residential units, contributing to the diversification of the downtown core.

Additional projects are progressing through the pipeline. Notably, Atrium I & II have received building permits and are set to convert over 200,000 square feet of former office space into approximately 180 residential units. These developments signal a transition from planned initiatives to tangible outcomes, as more projects reach completion.

While the program has demonstrated success, its future remains uncertain. City administration has reportedly sought an additional \$40 million in funding to sustain the initiative. Regardless of its continuation, the DDIP has evolved from a policy tool into an actionable contributor that has reduced office inventory.



The HAT @ Ninth

Outlook

Looking ahead, Calgary's downtown office market is expected to maintain near-term stability, supported by continued activity in the sublease segment and steady tenant demand for cost-effective space. Sublease availability will likely remain a key driver of absorption, as occupiers prioritize flexibility and shorter-term commitments amid ongoing economic uncertainty. The recent outperformance of Class B assets is anticipated to persist, reflecting a sustained shift toward value-oriented leasing decisions.

At the same time, broader market conditions – particularly volatility in oil prices and its impact on the energy sector – may temper large-scale leasing activity. As a result, transaction volume is expected to remain concentrated in smaller, opportunistic deals rather than major anchor tenancies.

Over the longer term, the continued rollout of office-to-residential conversions through the Downtown Development Incentive Program will play an increasingly important role in rebalancing market fundamentals. By removing underutilized inventory and introducing new residential density, these initiatives are expected to support a gradual tightening of availability and contribute to the overall revitalization of the downtown core. ■

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