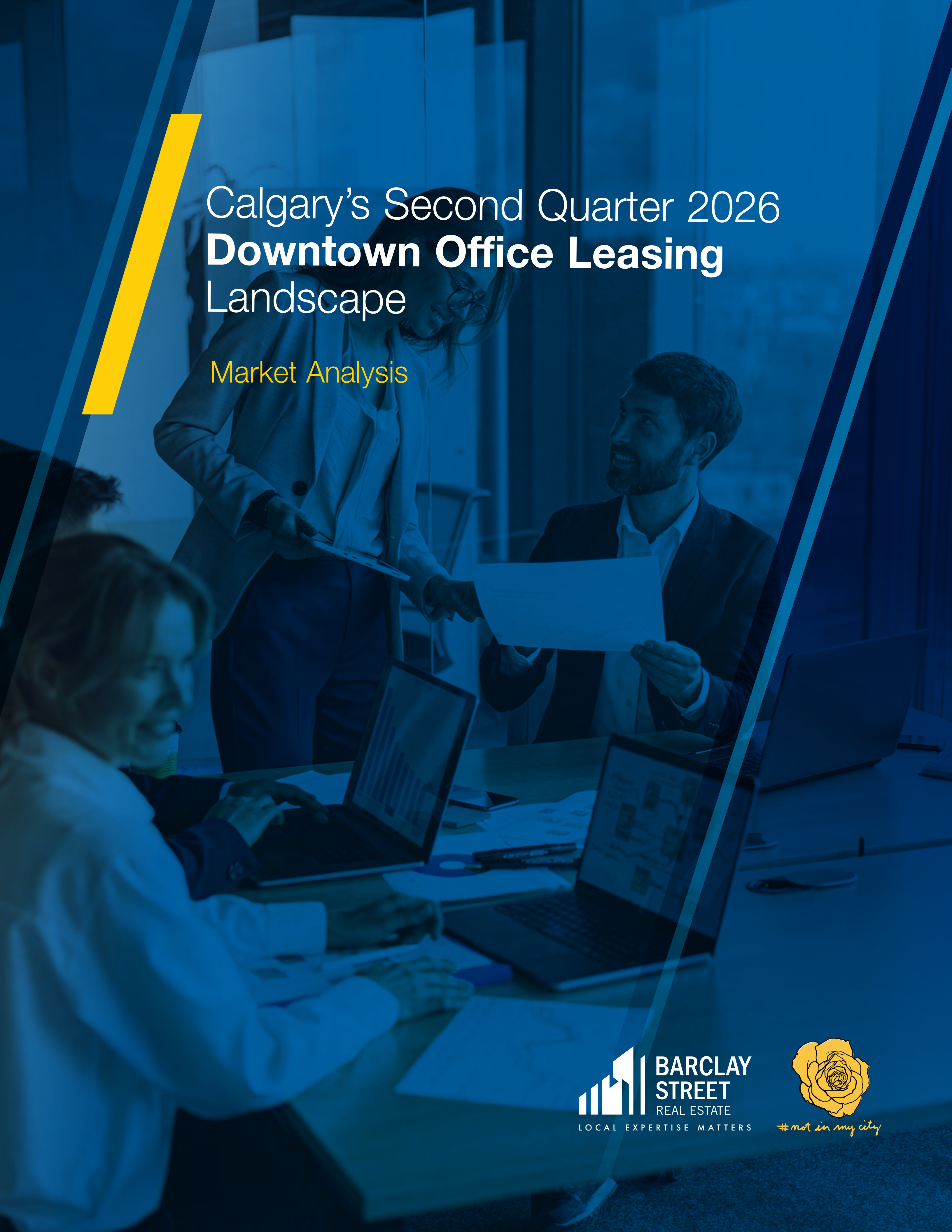


Calgary's Second Quarter 2026
Downtown Office Leasing Landscape

Market Analysis

BARCLAY STREET
REAL ESTATE
LOCAL EXPERTISE MATTERS

#not in my city

Calgary's Second Quarter 2026 Downtown Office Leasing Landscape

"Downtown Calgary is in a fundamentally stronger position than it's been in years. Occupancy is climbing, vacancy is easing, and that improvement is broad-based rather than concentrated in one class."

Bill Falagaris
Executive Vice President, Partner
Barclay Street Real Estate

80.9% +0.4% — OVERALL OCCUPANCY RATE
Total leased space (33,102,959 sf)

19.1% –0.4% — OVERALL VACANCY RATE
Space marketed for headlease only (7,792,870 sf)

22.8% –0.2% — OVERALL AVAILABILITY
Total amount of space available for headlease/sublease/sub-sublease/office-share, etc. (9,312,639 sf)

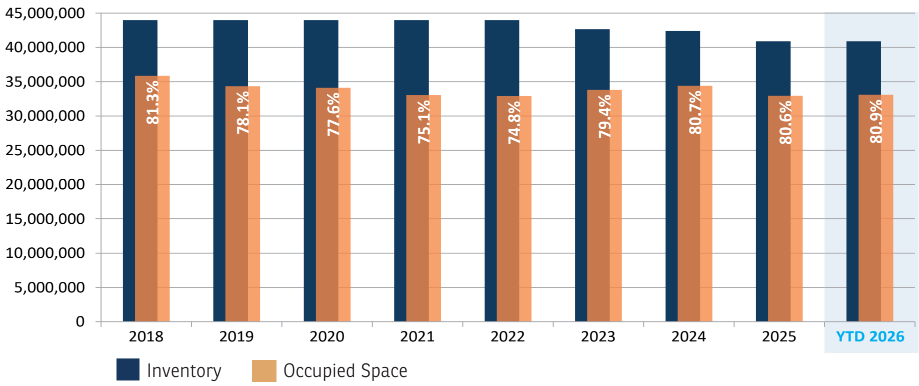
WITHIN-CLASS

CLASS AA	91.1%	+0.8%	OCCUPANCY
	8.9%	–0.8%	VACANCY
	12.8%	–0.4%	AVAILABILITY
CLASS A	80.8%	+0.9%	OCCUPANCY
	19.2%	–0.9%	VACANCY
	24.1%	–0.9%	AVAILABILITY
CLASS B	66.9%	–0.7%	OCCUPANCY
	33.1%	+0.7%	VACANCY
	34.7%	+0.8%	AVAILABILITY
CLASS C	78.2%	+0.3%	OCCUPANCY
	21.8%	–0.3%	VACANCY
	22.1%	–0.9%	AVAILABILITY

Market Overview

Downtown Calgary's leasing market continued to build momentum in Q2 2026. Overall occupancy advanced 40 basis points to 80.9%, vacancy tightened to 19.1%, and total availability eased to 22.8% from 23.0%. Net absorption reached 345,011 square feet, up from an already strong 244,600 square feet in Q1, confirming that demand is absorbing space fast.

ANNUAL OCCUPANCY & INVENTORY CHANGES



QUARTERLY DOWNTOWN MARKET STATISTICS

	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Total Available Space	23.0% (9,561,761 sf)	23.6% (9,657,650 sf)	23.0% (9,413,050 sf)	23.0% (9,312,639 sf)
Vacancy	18.9% (7,851,723 sf)	19.4% (7,940,227 sf)	19.4% (7,946,351 sf)	19.1% (7,792,870 sf)
Balance of Available Space	4.12% (1,710,038 sf)	4.20% (1,717,423 sf)	3.59% (1,466,699 sf)	3.72% (1,519,769 sf)
Inventory	41,547,564 sf	40,895,829 sf	40,895,829 sf	40,895,829 sf

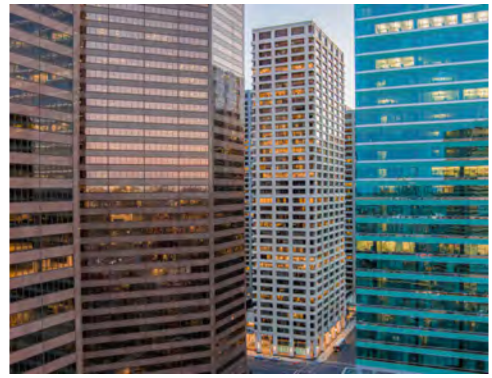
Three of four classes improved this quarter. Class AA kept its run going: occupancy rose 80 basis points to 91.1%, vacancy tightened to 8.9%, and availability eased to 12.8%. With the top tier now the tightest in the market, Class A followed; with occupancy rising 90 basis points to 80.8% and availability tightening across both headlease and sublease categories.

Class B occupancy declined 70 basis points to 66.9%, with vacancy widening to 33.1% and availability climbing to 34.7%. Elevated construction and fit-up costs, ongoing M&A activity, and rightsizing within the energy sector are weighing on new leasing demand, as occupiers opt to defer commitments rather than absorb the cost of a move. As those headwinds ease, pent-up demand in this segment has room to convert. Class C extended its turnaround for a second consecutive quarter: occupancy rose 30 basis points to 78.2% and vacancy improved to 21.8%, reflecting a deliberate occupier shift toward flexibility and lower operating costs.

Leasing Activity

Four of the quarter's largest transactions reflect the demand themes playing out across the downtown core. At *Eau Claire Tower* on 600 3rd Avenue SW, a significant 84,597 square feet subleased to Saturn Oil and Gas, consistent with the elevated sublease availability. *Bow Valley Square II* at 205 5th Avenue SW recorded a 59,471 square feet headlease across to Trican Well, and *Penn West Plaza West Tower* at 215 9th Avenue SW closed a 21,373 square feet headlease to Journey Energy – both reflecting tenants committing to quality Class A space on direct terms. At *Stephen Avenue Place* on 700 2nd Street SW, Bantrel renewed 59,000 square feet, a vote of confidence in the building following Armco Alberta's recent acquisition.

Eau Claire Tower had 84,597 square feet of space subleased.



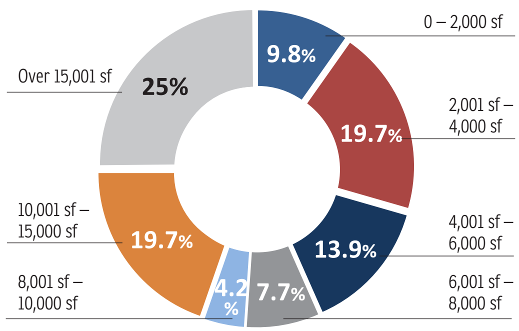
Bow Valley Square II recorded a 59,471 square feet headlease.

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	9	39	16
2,001 sf – 4,000 sf	3	37	88	36
4,001 sf – 6,000 sf	8	33	65	11
6,001 sf – 8,000 sf	14	16	31	11
8,001 sf –10,000 sf	19	14	14	2
10,001 sf – 15,000 sf	29	67	80	10
15,001+	48	77	42	1
Overall	121	253	359	87

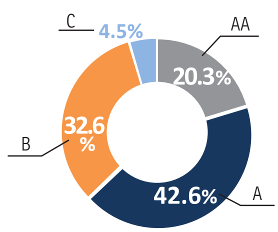
DISTRIBUTION OF OPTIONS BY SIZE RANGE



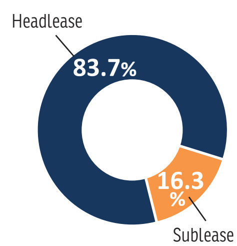
SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

Size Range	AA	A	B	C
0 – 2,000 sf	5	9	7	0
2,001 sf – 4,000 sf	0	3	3	0
4,001 sf – 6,000 sf	3	2	0	1
6,001 sf – 8,000 sf	2	3	1	0
8,001 sf –10,000 sf	1	0	1	0
10,001 sf – 15,000 sf	1	3	2	0
15,001+	20	36	5	0
Overall	32	56	19	1

DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



HEADLEASE VS. SUBLEASE DISTRIBUTION OF TOTAL AVAILABLE SPACE



Availability by Location

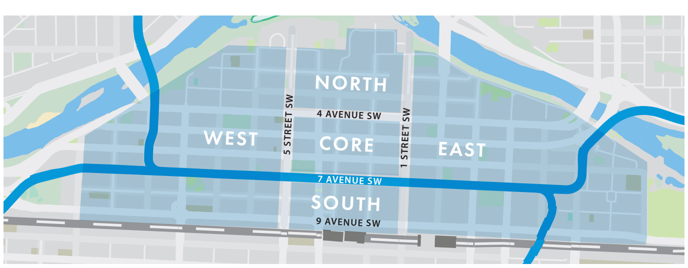
CORE 23.9%↓

NORTH 18.3%↓

EAST 16.1%↑

SOUTH 13.9%↑

WEST 39.9%↓



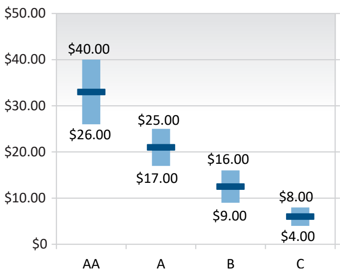
Downtown Development Incentive Program (DDIP) Updates

The City of Calgary reopened its Downtown Office Conversion Program on June 15, 2026, with $25 million in incentive funding available and a July 27, 2026 application deadline. The updated program expands eligible uses to include student and senior housing, co-living, life sciences, educational institutions, and cultural spaces. It also raises the hotel conversion incentive from $60 to $75 per square foot, with a new competitive bid process replacing the previous first-come, first-served model.

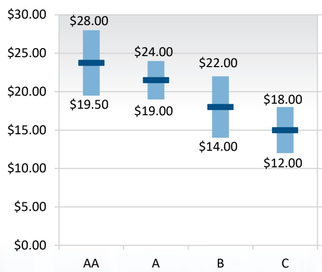
Twenty-one incentivized conversion projects have removed 2.7 million square feet of office space from the market, generating over $14 million in estimated tax uplift. Eight completed projects have converted 925,000 square feet into nearly 800 homes and 226 hotel rooms. The city is now five years into a ten-year plan and approaching the halfway mark toward its goal of removing 6 million square feet of downtown office inventory. Private investment is following suit: Astra Real Estate Corp. has a purchase agreement in place for the former *Hudson's Bay building* at 200 8th Avenue SW, signaling possible conversion activity along the core's western edge.

Average Costs

AVERAGE HEADLEASE RATES
BY BUILDING CLASS



AVERAGE OPERATING COSTS
BY BUILDING CLASS



Outlook

Absorption accelerated by approximately 100,000 square feet quarter over quarter against a backdrop of oil price volatility, and the market is gaining ground Class B faces near-term headwinds as elevated fit-up costs and energy sector rightsizing weigh on new leasing demand, but the underlying causes are cyclical rather than structural – as those pressures ease, pent-up demand in the segment has room to convert. Meanwhile, the DDIP's reopening with expanded uses and increased incentives adds further structural support on the supply side. Armco Alberta's acquisition of *Stephen Avenue Place* – a 40 story, 613,000 square feet Class A tower – along with the adjacent Kraft and Venator retail properties, and Bantrel's subsequent 59,000-square-foot renewal there, reflect continued conviction in downtown Calgary. The leasing landscape in downtown Calgary heads into Q3 on its strongest footing of the year. ■

Stephen Avenue Place was acquired by Armco Alberta in 2026.

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