Calgary's Third Quarter Downtown Office Landscape

Market Analysis **Q3 2025**

QUARTERLY STATS – Q3 2025

Overall

81.1% +1.5% OCCUPANCY RATE
Total leased space (33,695,841 sf)

18.9% –1.5% VACANCY RATE
Space marketed for headlease only (7,851,723 sf)

23.0% –2.1% AVAILABILITY
Total amount of space available for headlease/sublease/sub-sublease/office-share, etc. (9,561,761 sf)

Within-class

CLASS AA	89.7%	–0.6%	OCCUPANCY
	10.3%	+0.6%	VACANCY
	15.2%	–0.8%	AVAILABILITY
CLASS A	81.6%	+2.4%	OCCUPANCY
	18.4%	–2.4%	VACANCY
	23.2%	–2.4%	AVAILABILITY
CLASS B	69.3%	+3.0%	OCCUPANCY
	30.7%	–0.3%	VACANCY
	32.7%	–1.7%	AVAILABILITY
CLASS C	77.6%	+1.5%	OCCUPANCY
	22.4%	–1.5%	VACANCY
	23.3%	–4.1%	AVAILABILITY

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:

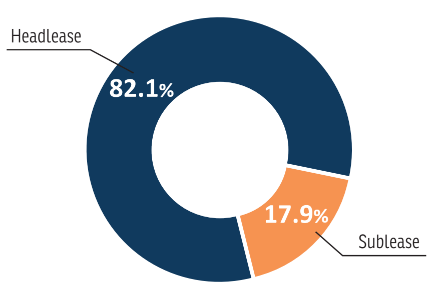
Cassels Brock & Blackwell has expanded into approx. 20,500 sf in Bankers Hall West at 888 3rd Street SW.

Caltex Trilogy has leased approx. 22,170 sf in Centennial Place East at 520 3rd Avenue SW.

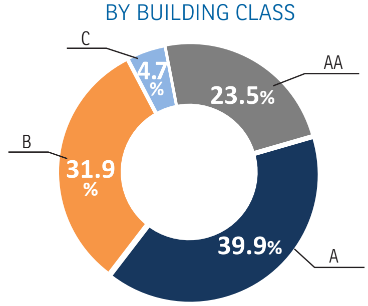
Calgary's downtown office market continued to strengthen through the third quarter, posting another decline in overall availability, which now stands at 23.0%. Demand for quality space remained steady across all asset classes. Class A occupancy climbed to 81.6%, Class B reached 69.3%, and Class C experienced a modest gain of 15 basis points to 77.6%.

Leasing activity was again led by small-format tenants, with steady headlease demand for spaces under 2,000 square feet. In the Class A segment, interest grew for floorplates between 6,001 and 8,000 square feet, while options in the 2,001 to 4,000 square foot range continued to tighten. The majority of remaining opportunities are concentrated in Class B inventory. Sublease availability continued to contract, dropping from 4.7 percent in Q2 to 4.1% in Q3, signalling steady absorption of second-hand space as tenants pursue cost-efficient options.

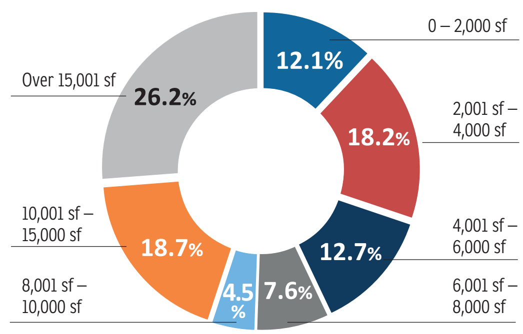
HEADLEASE VS. SUBLEASE DISTRIBUTION OF TOTAL AVAILABLE SPACE



DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



DISTRIBUTION OF OPTIONS BY SIZE RANGE



Market Activity and Sentiment

Despite stronger fundamentals, overall downtown activity has slowed compared to previous years. Tenant sentiment has softened as decision timelines lengthen, and occupiers reassess space needs in response to economic headwinds. Larger floorplates remain difficult to secure, with limited inventory available for contiguous blocks exceeding 1 million square feet. For example, Canadian Natural Resources will relocate to the former Shell Tower in 2026 but simultaneously secured additional space at 400 Third Tower, as no single building in the current market could accommodate their full requirement. Demand from major corporate occupiers for these large spaces remains steady, and this imbalance is expected to shape leasing strategy heading into 2026.

DCDIP Updates

The *Downtown Calgary Development Incentive Program* (DCDIP) continues to reshape the Calgary's core through a series of office-to-residential conversions. The Loft, developed by Institutional Mortgage Capital, became the fourth completed project under the program, transforming 55,000 square feet of former office space into 56 new residential units. The Petro Fina Building followed as the fifth completion, adding 103 residential suites. Two additional projects – Eau Claire Residences and The Hat @ 9th, formerly Teck Place – are expected to deliver before year-end. In total, the DCDIP now supports 21 active conversion projects that will transform more than 2.7 million square feet of underutilized office space into new residential, hotel, and hospitality uses. Meanwhile, the city has announced the Stephen Avenue revitalization project, a major investment aimed at creating a more vibrant and resilient downtown core.

Tenant and Investment Updates

Cassels Brock & Blackwell LLP expanded its Calgary footprint this quarter, doubling its office space in Bankers Hall West – a reflection of ongoing growth within the legal and professional services sector. Investor confidence also remains evident. G2S2 Capital, an Armco Capital company, completed their acquisition of First Tower, a 28-storey, Class A building totalling 730,000 square feet, including 688,000 square feet of office space. The tower's recent upgrades and Plus 15 connectivity make it a strong long-term investment and a signal of renewed confidence in Calgary's economic outlook.

Market Outlook

Downtown fundamentals are expected to continue improving as leasing demand stabilizes and tenants pursue higher-quality, efficient spaces. Flight-to-quality remains a defining trend, supported by limited new supply and a gradual reduction in sublease inventory. Conversion projects under the DCDIP are helping rebalance the downtown market, supporting a more sustainable long-term recovery. ■

Distribution of Available Space

OVERALL AVAILABILITY BY LOCATION

CORE 24.0%↓ NORTH 19.3%↔ EAST 19.6%↓ SOUTH 13.0%↓ WEST 37.0%↓

Opportunities by Building Class and Size

HEADLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

Size Range	AA	A	B	C
0 – 2,000 sf	2	9	46	18
2,001 sf – 4,000 sf	4	27	92	32
4,001 sf – 6,000 sf	5	27	62	12
6,001 sf – 8,000 sf	4	15	33	10
8,001 sf –10,000 sf	5	10	16	4
10,001 sf – 15,000 sf	8	60	80	11
15,001+	59	80	38	1
Overall	87	228	367	88

SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

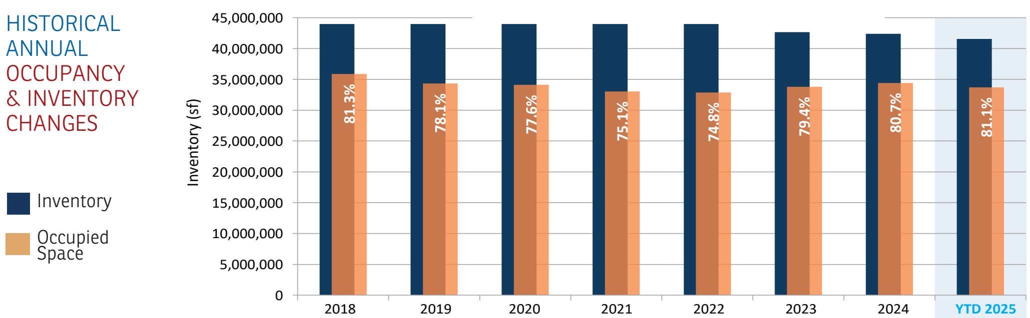
Size Range	AA	A	B	C
0 – 2,000 sf	7	16	8	0
2,001 sf – 4,000 sf	1	4	2	1
4,001 sf – 6,000 sf	3	1	2	1
6,001 sf – 8,000 sf	1	3	4	1
8,001 sf –10,000 sf	2	3	1	0
10,001 sf – 15,000 sf	2	1	4	0
15,001+	27	35	4	0
Overall	43	63	25	3

Downtown Market Statistics

	Q3 2025	Q2 2025	Q1 2025
Total Available Space	23.0% (9,561,761 sf)	25.4% (10,554,310 sf)	24.7% (10,397,872 sf)
Vacancy	18.9% (7,851,723 sf)	20.7% (8,581,404 sf)	20.7% (8,707,842 sf)
Balance of Available Space	4.12% (1,710,038 sf)	4.75% (1,972,906 sf)	4.0% (1,690,030 sf)
Inventory	41,547,564 sf	41,547,564 sf	42,127,725 sf

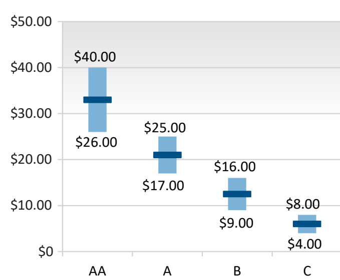
Changes in Occupancy

HISTORICAL ANNUAL OCCUPANCY & INVENTORY CHANGES

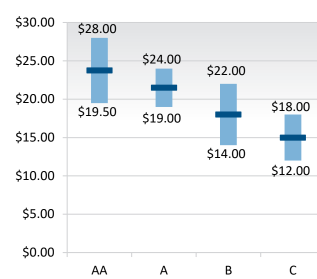


Average Costs

AVERAGE HEADLEASE RATES BY BUILDING CLASS



OPERATING COSTS BY BUILDING CLASS



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