

Calgary's Year-End Downtown Office Landscape

Market Analysis Q4 2025

QUARTERLY STATS - Q4 2025

Overall

80.6% -0.5% OCCUPANCY RATE
Total leased space
(32,955,602 sf)

19.4% +0.5% VACANCY RATE
Space marketed for
headlease only
(7,940,227 sf)

23.6% +0.6% AVAILABILITY
Total amount of space
available for headlease/
sublease/sub-sublease/
office-share, etc.
(9,657,650 sf)

Within-class

CLASS AA **90.3%** +0.6% OCCUPANCY
9.7% -0.6% VACANCY
14.9% -0.3% AVAILABILITY

CLASS A **80.8%** -0.8% OCCUPANCY
19.2% +0.8% VACANCY
23.9% +0.7% AVAILABILITY

CLASS B **66.7%** -2.6% OCCUPANCY
33.3% +2.6% VACANCY
35.4% +2.7% AVAILABILITY

CLASS C **76.7%** -0.9% OCCUPANCY
23.3% +0.9% VACANCY
24.3% +1.0% AVAILABILITY

SIGNIFICANT MOVES, ANNOUNCEMENT AND NOTABLE TRANSACTIONS:



ATB Financial leased
~173,000 sf in Suncor
Energy Centre



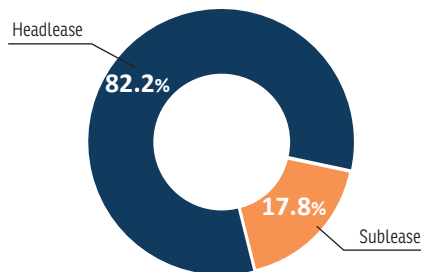
Tourmaline Oil leased
~32,000 sf in Bow Valley
Square

Calgary's downtown office market closed the year in a relatively steady position. Through the fourth quarter, vacancy increased slightly while overall occupancy edged lower. Headlease vacancy now stands at 19.2%, nearly unchanged from year-end 2024, when vacancy measured 19.3%. The quarter-over-quarter increase of 50 basis points reflects additional space being brought to market.

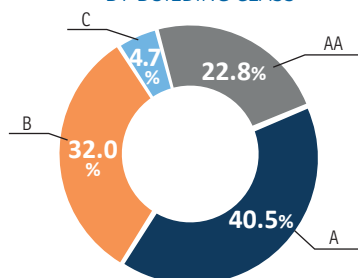
Class AA performance remained strong, with occupancy increasing by 60 basis points to reach 90.3% this quarter, although this remains ~3.0% lower than Q4 of last year. Tenant interest continues to concentrate in higher-quality buildings, particularly those offering strong amenity packages, proximity to public transit, and access to the Plus 15 network.

Net absorption was modestly negative, with ~96,000 square feet of unabsorbed space remaining on the market this quarter, most of which is available for headlease. As a result, overall availability increased to 23.6%, up 60 basis points from Q3.

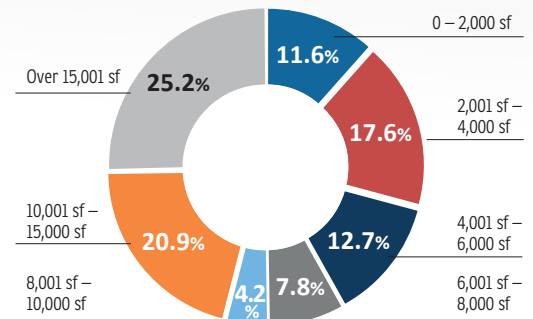
HEADLEASE VS. SUBLEASE DISTRIBUTION OF TOTAL AVAILABLE SPACE



DISTRIBUTION OF TOTAL AVAILABLE SPACE BY BUILDING CLASS



DISTRIBUTION OF OPTIONS BY SIZE RANGE



Market Activity and Sentiment

Leasing activity slowed through the fourth quarter, consistent with the cautious tone seen throughout much of the year. Many tenants remain deliberate in their decision-making as economic headwinds continue to affect timing and space commitments. Smaller-format transactions remain the most active segment of the market, while larger tenants continue to evaluate longer-term requirements.

Looking ahead, brokers expect 2026 to generate increased activity. Sublease availability is anticipated to rise in the new year, driven largely by ongoing mergers and acquisitions within the oil and gas sector. Post-acquisition consolidation often results in surplus office space, much of which is expected to return to the market as sublease inventory.

DCDIP Updates

Downtown Calgary's
Development Incentive

Program (DCDIP) continued to have a material impact on office inventory this quarter. Building on an already successful year that saw six completed conversions, the City confirmed five additional office-to-residential conversion projects planned within Calgary's downtown.

As a result, downtown office inventory declined from 41.4 million square feet to 40.8 million square feet quarter-over-quarter. The reduction was largely concentrated within Class B assets, contributing to a more pronounced shift in that segment's metrics. The following buildings were removed from inventory this quarter: 622 Fifth, Five Ten Fifth, 441 Fifth, Atrium I & II, and 640 Fifth.

This quarter also revealed the planned conversion of 606 Fourth Street SW, which will transform ~135,000

square feet into 166 residential units. Earlier in the quarter, the former Petro Fina Building – now known as Fina – officially reopened as a multi-family rental property, delivering 103 rental apartments within a restored heritage asset. 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 residential and hospitality uses.

Tenant and Investment Updates

Tenant demand remained focused on high-quality downtown assets.

Indian technology firm HCLTech announced its expansion into the Ampersand tower, with plans to create at least 250 jobs over the next five years. The announcement reflects

continued growth within Calgary's technology and AI sectors and the city's ability to attract international firms. ATB Financial also announced plans to relocate into the former Suncor offices at the Suncor Energy Centre, leasing ~173,000 square feet and consolidating multiple Calgary offices into a single downtown location. In the energy sector, Tourmaline Oil completed a lease for ~32,000 square feet in Bow Valley Square.

Market Outlook

At year end, Calgary's downtown office market reflects a period of recalibration, with excess inventory continuing to be worked through and tenant demand remaining focused on higher-quality assets. As obsolete space is removed and decision-making improves, market conditions are expected to trend toward greater balance.

Distribution of Available Space



OVERALL AVAILABILITY BY LOCATION

CORE 25.1% ↑ NORTH 18.4% ↓ EAST 20.6% ↑ SOUTH 12.5% ↓ WEST 39.5% ↑

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

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	10	48	18
2,001 sf – 4,000 sf	6	27	83	34
4,001 sf – 6,000 sf	4	28	64	12
6,001 sf – 8,000 sf	5	17	30	10
8,001 sf – 10,000 sf	4	10	16	4
10,001 sf – 15,000 sf	10	72	85	11
15,001+	55	78	38	1
Overall	86	242	364	90

SUBLEASE OPPORTUNITIES BY BUILDING CLASS AND SIZE RANGE

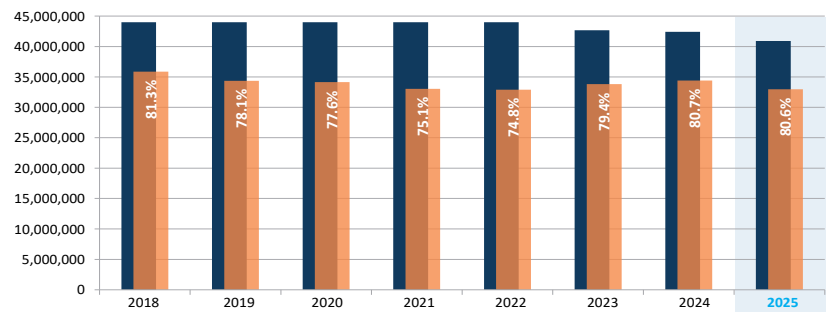
Size Range	AA	A	B	C
0 – 2,000 sf	5	13	8	0
2,001 sf – 4,000 sf	1	4	2	1
4,001 sf – 6,000 sf	3	2	1	1
6,001 sf – 8,000 sf	1	5	6	0
8,001 sf – 10,000 sf	2	2	1	0
10,001 sf – 15,000 sf	3	2	3	1
15,001+	28	33	4	0
Overall	43	61	25	3

Downtown Market Statistics

Changes in Occupancy

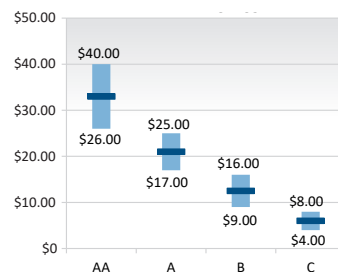
HISTORICAL ANNUAL OCCUPANCY & INVENTORY CHANGES

Inventory
Occupied Space

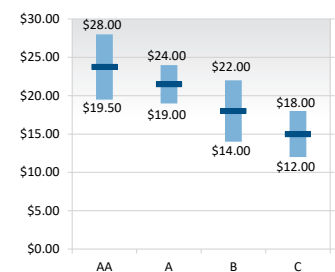


Average Costs

AVERAGE HEADLEASE RATES BY BUILDING CLASS



OPERATING COSTS BY BUILDING CLASS



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