

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.4% Vacancy Rate	▼	—
690K YTD Net Absorption, SF	▲	—
\$16.22 Asking Net Rent, PSF (Overall, All Property Classes)	▲	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.07M CMR Employment (August 2025)	▲	▼
7.7% CMA Unemployment Rate	▲	▲
7.1% Canada Unemployment Rate – August 2025	▲	—

Sources: City of Calgary August 2025 Labour Force Survey, Statistics Canada

ECONOMY

The Calgary Metropolitan Area (CMA) unemployment rate decreased slightly to 7.7% in the third quarter of 2025, down 10 basis points (bps) from Q2 2025. The Calgary Economic Region (CER) unemployment rate also posted a quarter-over-quarter (QOQ) decrease, falling to 7.5% from 8.1%.

The Public Administration industry led job growth in Calgary during the third quarter, adding approximately 10,000 more jobs within the sector on a year-over-year (YOY) basis. This was followed by Finance & Insurance, Real Estate Rental & Leasing and the Transportation & Warehousing sectors. Sizeable YOY workforce decreases were observed in the Accommodation & Food Services sector, which contracted by more than 11,000 workers. The Mining, Quarrying, and Oil and Gas Extraction and Retail Trade sectors each contracted as well, by 5,900 and 3,700 workers, respectively.

Source: City of Calgary

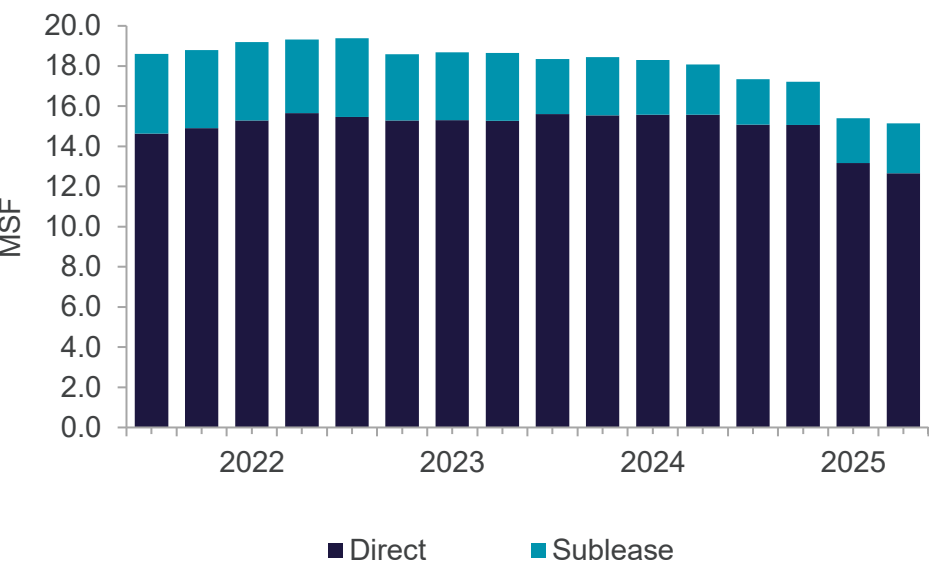
CALGARY OVERALL OFFICE MARKET

The average direct net asking rent across Calgary’s office market reached \$16.22 per square foot (psf) in Q3 2025. In the Central area—encompassing the Beltline and Downtown Core—lower-tier assets have seen modest quarter-over-quarter (QOQ) softening since the start of the year. In contrast, Central Class A buildings have maintained rate stability, buoyed by asking rents for the highest tiered buildings. Suburban markets have remained relatively flat, with the overall average asking rent edging down just 1.1% since Q1 2025 to \$14.74 psf.

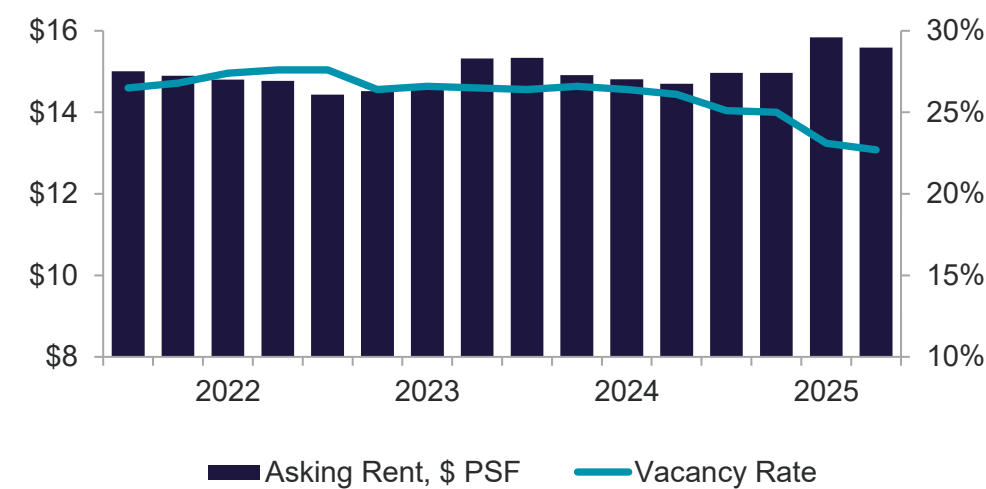
Looking at leasing activity, we saw several indicators of continued confidence in the Calgary market. Similar to last quarter, the Downtown submarket led the city with nearly 524k square feet (sf) of new leasing activity occurring, providing a boost to future occupancy levels as tenants take possession. The Suburban South markets reported the next highest amount of leasing activity with an additional 230k sf of space being secured by tenants through the quarter. On a YOY basis, city-wide leasing activity remained strong and surpassed 2024 levels at nearly 3.3 million square feet (msf) versus just over 3.0 msf at this point last year.

During the third quarter, more than 206k square feet (sf) of net positive absorption was recorded city-wide and brought year-to-date absorption to approximately 690k sf. This marks the sixth consecutive quarter of net positive absorption for the city following more than two years of perpetual QOQ contraction.

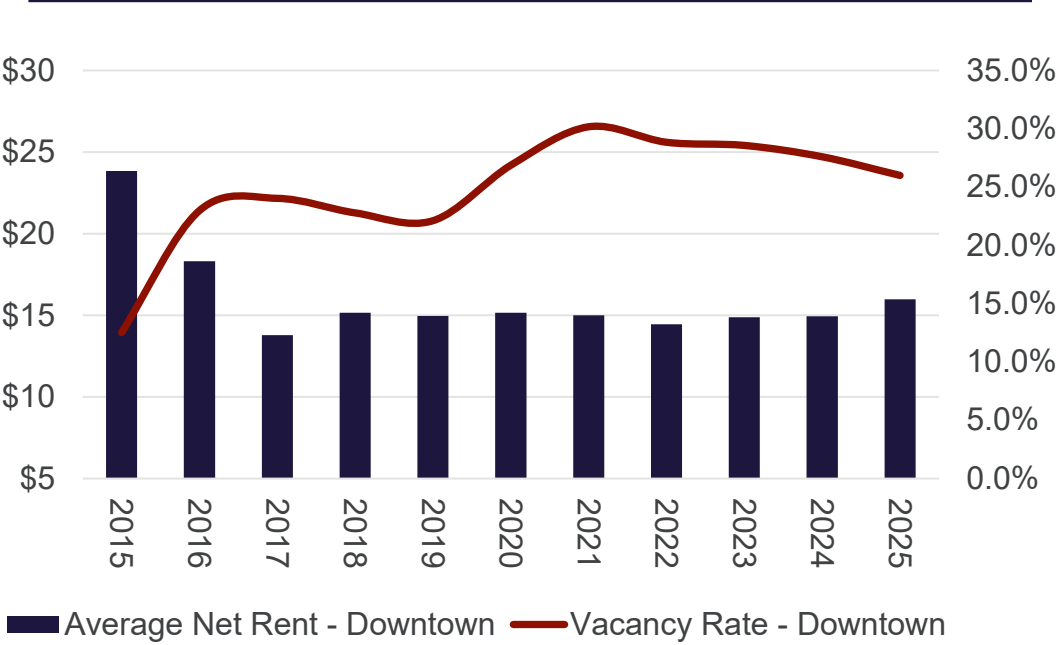
DIRECT VS. SUBLEASE VACANT SPACE



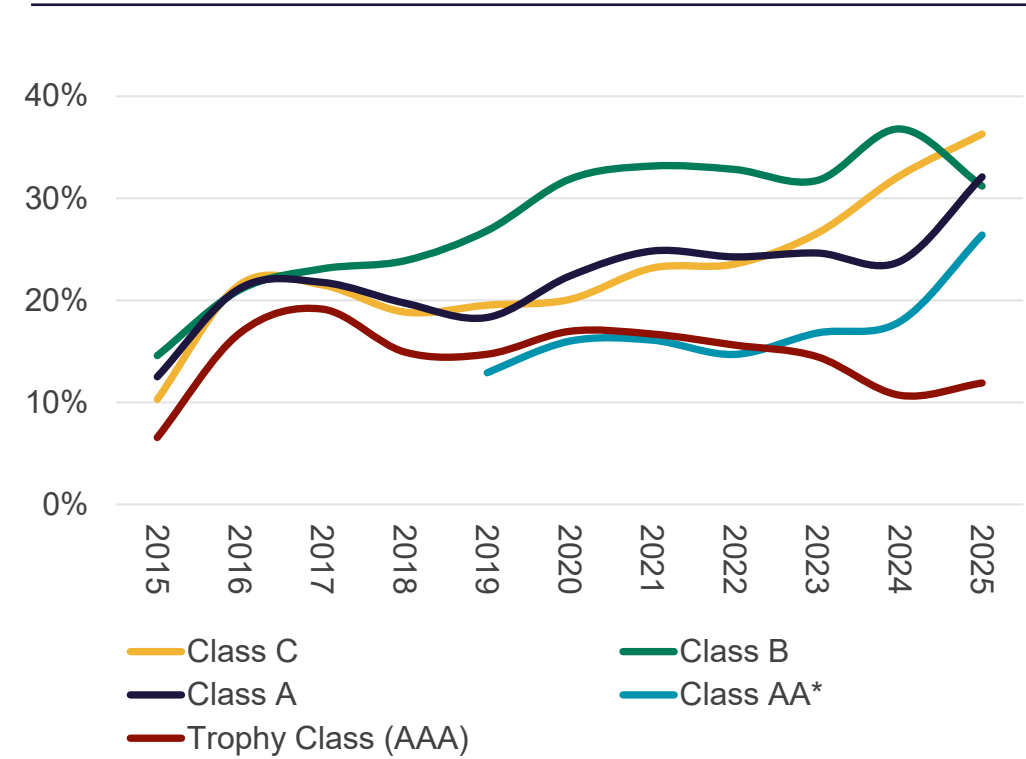
OVERALL VACANCY & ASKING RENT



DOWNTOWN MARKET RENT VS. VACANCY



DOWNTOWN MARKET VACANCY BY CLASS



* AA Class-specific data not tracked prior to 2019

DOWNTOWN MARKET

Market Fundamentals

The Downtown office market recorded 137k sf of negative absorption in Q3 2025, bringing overall vacancy to 26.0%. The negative absorption was primarily attributed to the Whitecap Resources and Veren Inc. merger and subsequent space fallout, as well as TELUS vacating approximately 95k sf or five floors in TELUS Sky Tower. While Q3 2025 marked a modest setback for Calgary’s overall Downtown core, the Central Core submarket (bounded by 9th Ave SW, 1st St. SW & 6th St. SW) continues to lead, boasting the lowest overall vacancy at 22.0% and strong positive absorption year-to-date, thus reaffirming its status as Calgary’s most desirable office location.

Office Building Conversions

Calgary’s Downtown office inventory continued to shrink in the third quarter, with another office building (1000 8th Avenue SW) moving toward residential conversion. As a result, this building has been removed from the Downtown office inventory[†] and is the eleventh building earmarked for office-to-residential conversion to date in 2025. As a result, a combined total of 2.05 msf of office inventory or approximately 4.8% of inventory has been removed from the Downtown market since the beginning of 2025. With the City of Calgary election occurring on October 20th, 2025 the outcome will have a key influence on the direction the residential conversion project takes affecting funding, policy restructuring or even the pace of current operations.

Outlook

Ongoing merger and acquisition (M&A) activity within the energy sector continues to influence Downtown occupancy levels and as is often the case, one plus one does not equal two. Consolidation among energy firms is driving an increase in sublease availability, with additional sublet vacancy anticipated to come online in Q4 2025, as organizations streamline operations and eliminate overlap. In addition, efforts to improve operational efficiency and reduced capital spending on new production have contributed to workforce reductions, further impacting office demand.

While 2022 and 2023 were characterized by strong leasing momentum and renewed optimism in Calgary’s Downtown, the market remains firmly in tenants’ favour. This dynamic is expected to persist in the near term, with occupiers continuing to benefit from abundant supply and competitive lease terms.

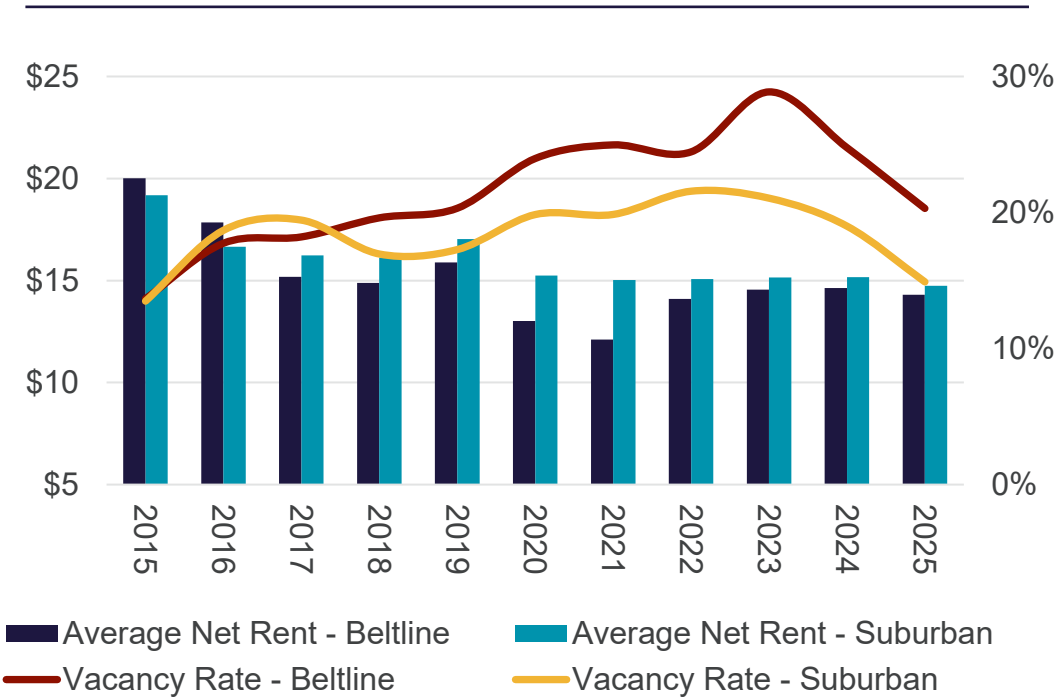
At the same time, the City of Calgary’s office conversion program is beginning to show tangible results. The success of completed downtown conversions has inspired similar initiatives in the Beltline, signaling growing confidence in adaptive reuse projects. Although these conversions - and the corresponding reduction in inventory - are expected to reduce vacancy rates, continued consolidation within the energy sector will likely offset much of this progress and keep overall vacancy elevated for the foreseeable future.

Calgary’s Downtown in Transition

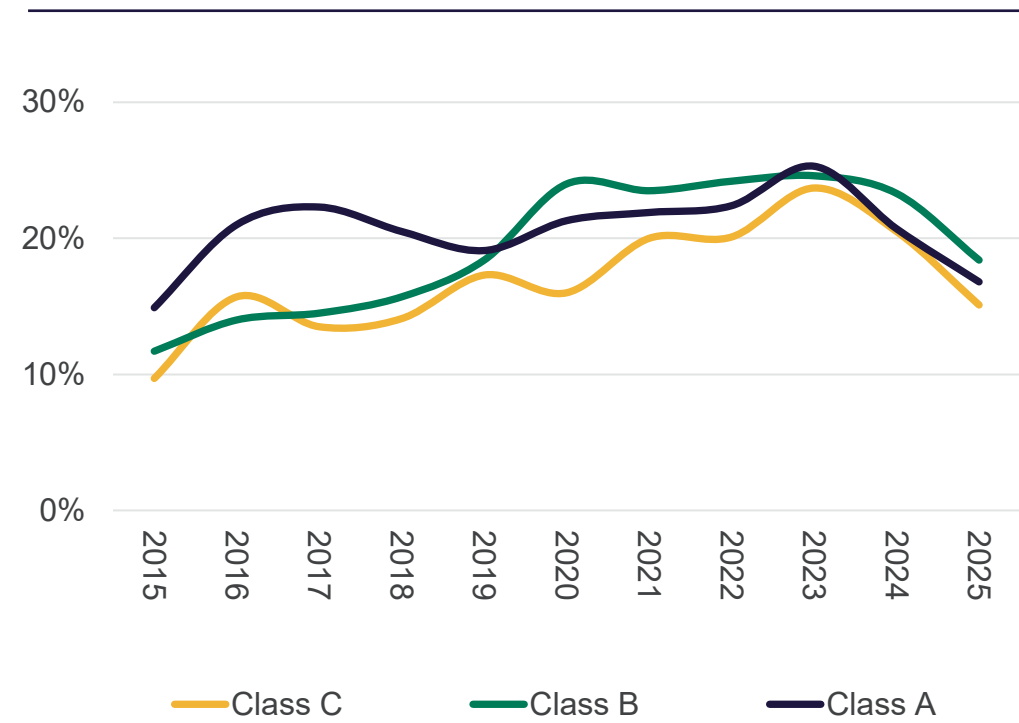
- The Downtown office building ownership pendulum is poised to continue its swing back toward private vs. institutional possession. In September 2025, the Armco Group of Companies announced its acquisition of First Tower – a significant Class-A building comprising 688k sf of office space and ~42k sf of retail and amenity space.
- We expect ongoing densification of Calgary’s Downtown due to the previously-noted office-to-residential conversions plus additional multi-residential developments such as Attainable Homes Calgary’s modular housing project on 9th Street and 6th Avenue SW.
- As Calgary’s 2025 municipal election unfolds, several pressing issues tied to the downtown office market are emerging that the incoming administration will need to address. Among them is a safe and vibrant downtown community, which ranks as a top concern for local businesses. A close second is the disproportionate tax burden on commercial properties, which represent only 17% of Calgary’s property base yet contributes 46% of the City’s total property tax revenue.

2 † Cushman & Wakefield Calgary removes office buildings from inventory when spaces are no longer being actively marketed for lease and no additional leasing activity within the building will be taking place.

BELTLINE & SUBURBAN MARKET RENT VS. VACANCY



BELTLINE & SUBURBAN MARKET VACANCY BY CLASS



BELTLINE & SUBURBAN MARKETS

Large Office Leases, Activity and Inventory Changes

As with the second quarter of 2025, the suburban south markets were very active. Within this area, combined quarterly leasing activity reached more than 230k sf. The Beltline and suburban north markets were more subdued in comparison, with 127k sf and 64k sf of leasing activity, respectively.

Supporting the suburban south markets were large leases completed by Kiewit Construction Services in Southland Park II and Regus in 1011 1st St. SW.

Meanwhile in the Beltline, another significant change is pending with Connaught Centre becoming the latest property to be repositioned for residential conversion. As such, the Beltline office inventory was further adjusted with a net reduction of 74k sf.

Vacancy and Leasing Activity

The Beltline saw overall vacancy decline by 140 bps from Q2 2025 due to a combination of net positive absorption and inventory adjustments.* The suburban markets also posted a net QOQ reduction in vacancy on more than 309k sf of positive absorption. The suburban north markets posted slightly negative absorption for the quarter but activity in the suburban south markets more than made up for that with total net positive absorption of 317k sf for the quarter. The SE quadrant was the primary contributor, with more than 271k sf of net space taken.

Year to date, the suburban markets have surpassed absorption and leasing activity levels posted during the same period of time in 2024. Year-over-year leasing activity was higher in the Beltline, but absorption was lower than one-year-ago levels.

Rental Rates

The overall average net asking rate in the Beltline office market increased to \$14.30 psf from \$14.01 psf in Q2 2025, while the overall suburban market remained flat with net rent remaining at \$14.74 psf. With that said, the southeast quadrant again posted the highest overall net rental rate in the Suburban market at \$15.61 psf while at the other end of the spectrum, the overall rent in the northwest quadrant averaged \$13.08 psf.

Our Take

Overall, deal volume was reasonably strong with a combined 364k sf of positive absorption through the third quarter. A contributor to this is a very strong desire among many tenants to be in locations that minimize employee commutes and/or have ample parking. These are features exemplified by the Beltline and Suburban submarket and with many companies such as financial institutions eliminating hybrid work as of September 2025, being in easy-to-access locations is imperative to facilitating the new back-to-the-office mandates.

Leasing Shifts & Learning Growth

- The costs associated with space renovations and build-outs has been increasing over the past three years and has become a notable issue for landlords and tenants alike. For tenants, this has begun encouraging them to remain in-place for longer periods if the costs of setting up new space are prohibitive. On a larger scale, this issue may begin to negatively impact new leasing activity.
- Strong demand for educational-use spaces by charter schools has been a consistent theme this year. As we noted in our mid-year report, we anticipate this will continue as founders and operators of charter schools seek to open new locations.

*Based on a comprehensive market review, adjustments have been made to several properties, including building class changes and the removal of some properties from inventory due to conversion to other uses.

As a result, quarter-over-quarter changes to some within-class metrics such as weighted average asking rents, vacancy and absorption may be more substantial than in previous reports.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	UNDER CNVRS (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Core	19,731,919	696,078	3,639,013	22%	-152,559	99,034	776,903	-	-	\$15.87	\$18.06
East Core	16,158,592	854,775	3,071,930	24.3%	3,605	-392,947	686,832	-	-	\$22.01	\$20.76
West Core	6,089,311	582,056	2,071,434	43.6%	-9,038	234,813	481,924	-	-	\$10.10	\$18.78
DOWNTOWN SUBTOTAL	41,979,822	2,132,909	8,782,377	26.0%	-157,992	-59,100	1,945,659	-	-	\$15.99	\$19.20
Beltline	5,562,629	220,416	906,996	20.3%	54,905	116,908	403,046	-	(73,843)	\$14.30	\$19.17
TOTAL CENTRAL AREA	47,542,451	2,270,932	9,689,373	25.3%	-103,087	140,201	2,642,633	-	(73,843)	\$16.54	\$19.18
Northeast	5,180,753	71,742	750,337	15.9%	-37,877	86,341	196,282	-	-	\$13.08	\$15.69
Northwest	2,172,849	9,719	261,640	12.5%	29,906	3,781	54,953	-	-	\$14.32	\$19.16
TOTAL NORTH AREA	7,353,602	81,461	1,011,977	14.9%	-7,971	90,122	251,235	-	-	\$13.40	\$16.14
Southeast	8,126,613	25,302	1,103,516	13.9%	271,863	502,757	432,446	-	-	\$15.61	\$16.47
Southwest	3,429,796	10,945	582,541	17.3%	45,597	39,543	257,418	-	-	\$14.50	\$16.47
TOTAL SOUTH AREA	11,556,409	36,247	1,686,057	14.9%	317,460	542,300	689,864	-	-	\$15.33	\$16.47
TOTAL SUBURBAN AREA	18,910,011	117,708	2,698,034	14.9%	309,489	632,422	941,099	-	-	\$14.74	\$16.41
CALGARY TOTALS	66,452,462	2,471,033	12,387,407	22.4%	206,402	690,230	3,289,804	-	(73,843)	\$16.22	\$17.80

KEY Q3 2025 CALGARY OFFICE LEASE TRANSACTIONS

*Rental rates reflect weighted net asking \$psf/year weighted on vacant space

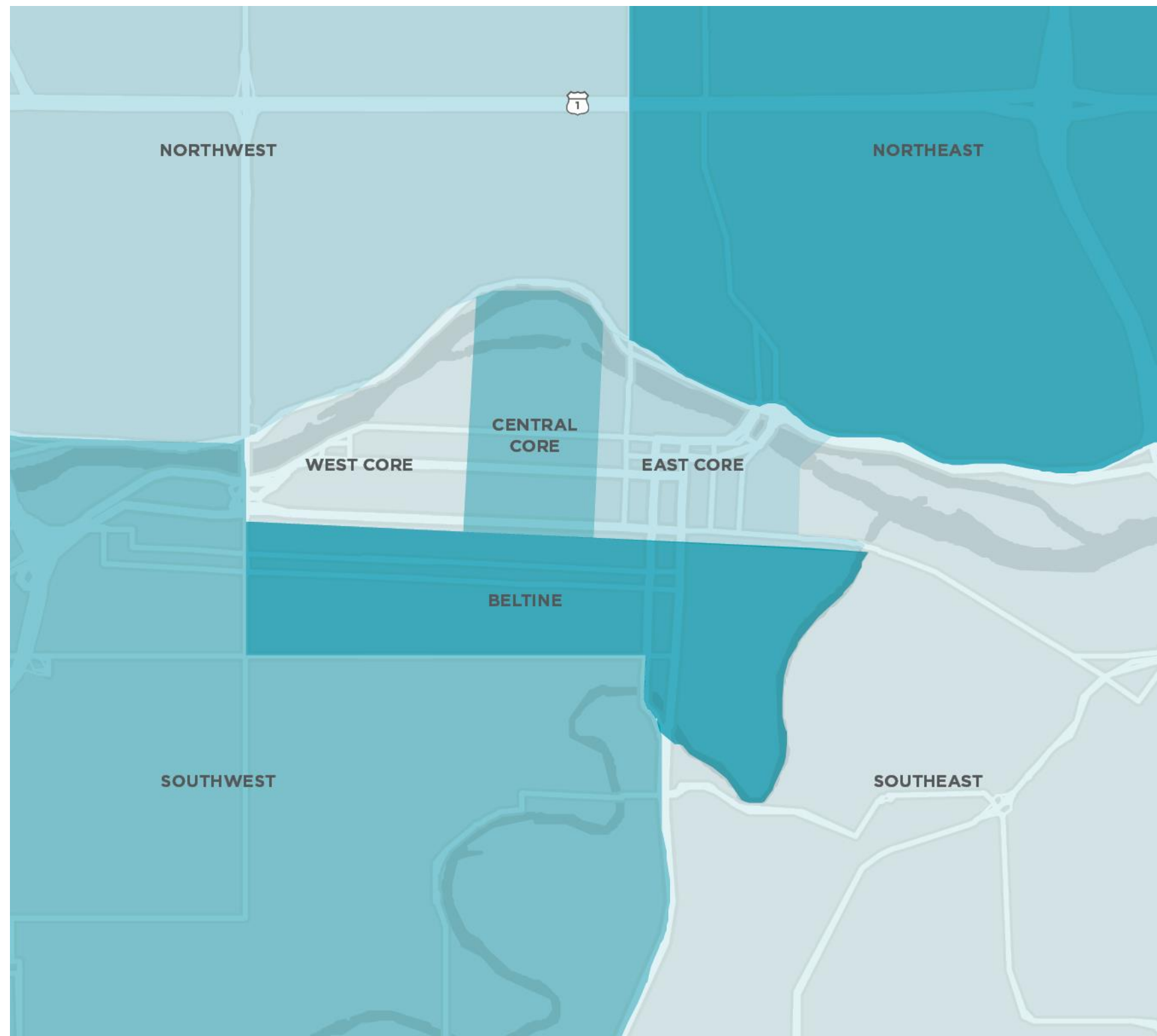
PROPERTY	SUBMARKET	TENANT	SF	TYPE*
10201 Southport Road SW (Southland Park I)	Suburban SW	Government Tenant	73,000	Extension
237 4 th Avenue SW (Fifth Avenue Place - West)	Downtown – East Core	AIMCo	48,000	Sublease
255 5 th Avenue SW & 250 6 th Avenue SW (Bow Valley Square III & IV)	Downtown – Central Core	Tourmaline Oil Corp.	46,000	Headlease
400 5th Avenue SW (Roslyn Building)	Downtown – Central Core	Ensign Energy	30,000	Extension
10333 Southport Road SW (Southland Park II)	Suburban SW	Kiewit Construction Services	30,000	Headlease
520 3rd Avenue SW (Centennial Place - East)	Downtown – Central Core	Caltex Trilogy Inc *	22,000	Sublease
140 10 th Ave. SE (Palliser South)	Beltline	Source Energy Services	21,400	Sublease

KEY Q3 2025 CALGARY SALES TRANSACTIONS

*Facilitated by Cushman & Wakefield Calgary

PROPERTY	SUBMARKET	SELLER/BUYER	GLA (sf)	PRICE / \$ PSF
500 5th Ave SW (Chevron Plaza)	Downtown – Core	Chevron Corporation/Strategic Group	269,505	\$17,000,000 (\$63.08/SF)
2891 Sunridge Way NE (Intrinsic Place)	Suburban Northeast	Intrinsic Investments/SunMETA Group	87,241	\$14,500,000 (\$166.21/SF)
1816 Crowchild Trail NW (One Executive Place)	Suburban Northwest	iA Financial Group/R2 Capital Partners Inc.	100,923	\$12,613,718 (\$124/.98SF)
1333 8th St SW (Dorchester Square)	Beltline	ICBC/Mosaic Holding Corporation	101,333	\$7,250,000 (\$71.55/SF)

OFFICE SUBMARKETS



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