

## MARKET FUNDAMENTALS

|                                       | YOY Chg | Outlook |
|---------------------------------------|---------|---------|
| <b>5.95%</b><br>Overall Avg. Cap Rate | ▲       | ▬       |
| <b>\$3.45B</b><br>Total Volume (CAD)  | ▲       | ▬       |
| <b>629</b><br>Total Properties Sold   | ▼       | ▬       |

Source: The Network Real Estate Intelligence

## ECONOMIC INDICATORS

|   | YOY Chg | Outlook |
|---|---------|---------|
| <b>1.05M</b><br>CMR Employment (November 2025)          | ▲       | ▬       |
| <b>7.3%</b><br>CMA Unemployment Rate                    | ▼       | ▬       |
| <b>6.5%</b><br>Canada Unemployment Rate – November 2025 | ▼       | ▲       |
| <b>3.39%</b><br>Canada 10-Yr Treasury Yield (Dec. 2025) | ▲       | ▬       |

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

## ECONOMY

The Calgary Metropolitan Area (CMA) unemployment rate decreased slightly to 7.3% in the fourth quarter of 2025, down 40 basis points (bps) from Q3 2025. Similarly, the Calgary Economic Region (CER) unemployment rate posted a quarter-over-quarter (QOQ) decrease, falling to 7.0% from 7.5% in the previous quarter.

The Public Administration sector led job growth in Calgary during the fourth quarter, adding approximately 16,000 jobs on a year-over-year (YOY) basis. This was followed by the Real Estate Rental & Leasing and Administrative & Support sectors, which grew by 7,400 and 7,200 positions, respectively. Sizeable YOY workforce decreases, however, were observed in the Professional Scientific & Technical Services industry, which contracted by approximately 11,000 jobs. The Arts Entertainment & Recreation, Health Care & Social Assistance sectors also contracted by approximately 3,000 and 2,000 jobs, respectively.

Source: City of Calgary

## OVERALL CALGARY INVESTMENT MARKET

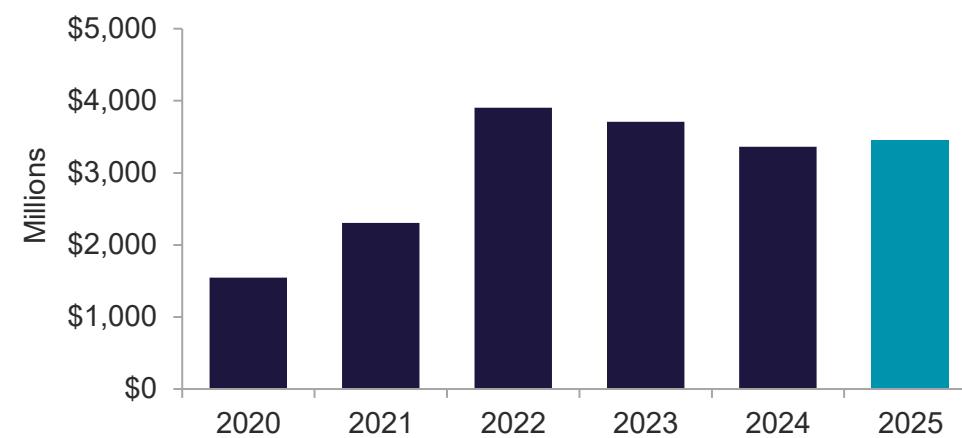
Building on strong commercial real estate investment volume up to September 30<sup>th</sup>, 2025, investors placed an additional \$772.4 million into the Calgary market during the fourth quarter of 2025. That brought total dollar volume for the year to approximately \$3.45 billion, which calculates to a YOY increase of \$84.6 million (2.5%). Several very large transactions of \$50 million and greater helped offset an overall decrease in aggregate sales, which were down by approximately 7.5% on a YOY basis.

## WHAT WAS HOT, WHAT WAS NOT

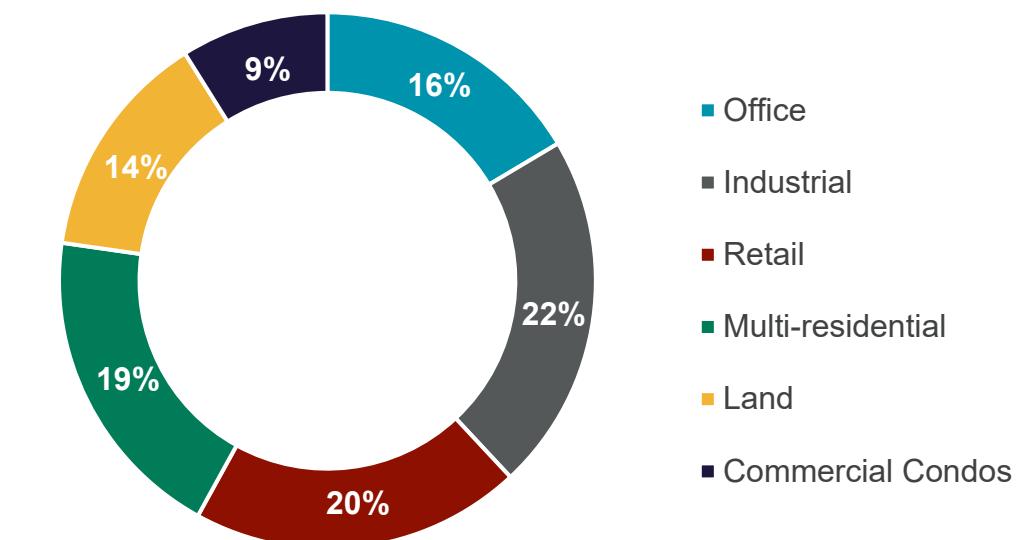
Fueling investment were sales of industrial, retail and multi-residential properties, which garnered \$744.7 million, \$688.2 million and \$663.5 million, respectively. The above-noted appetite for industrial properties put year-to-date 2025-dollar volume above full-year 2024 investment by approximately \$329 million and marks a notable change in trajectory from the first half of this year.

At the other end of the spectrum, land sales were particularly weak through 2025, with 100 sales closing for a total dollar volume of \$476.6 million. The fourth quarter of the year was particularly busy for this asset group, but YOY investment posted a substantial decline, nonetheless. Meanwhile, commercial condominium investment posted its second-best year since 2020 at just over \$307 million. While this represents an approximate 11% decrease from 2024 levels, it nevertheless highlights a strong owner-user appetite in the Calgary market.

## TOTAL INVESTMENT SALES VOLUME

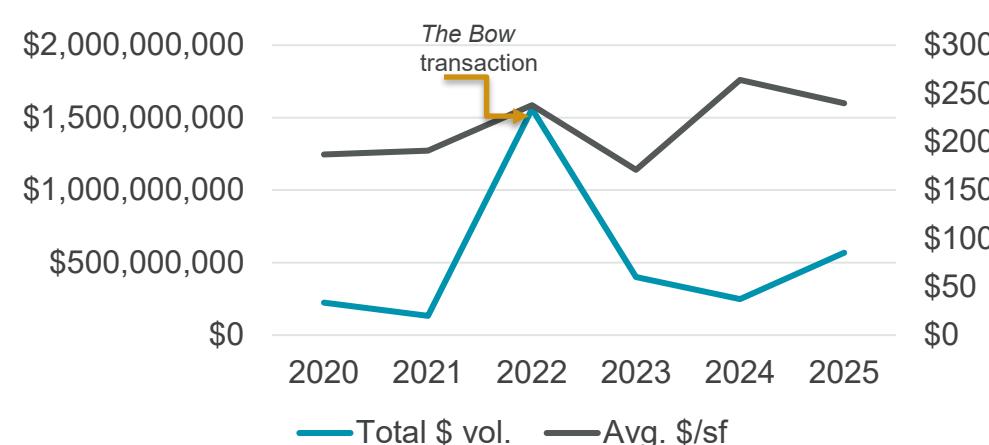


## INVESTMENT SALES BY SECTOR (\$ VOLUME)

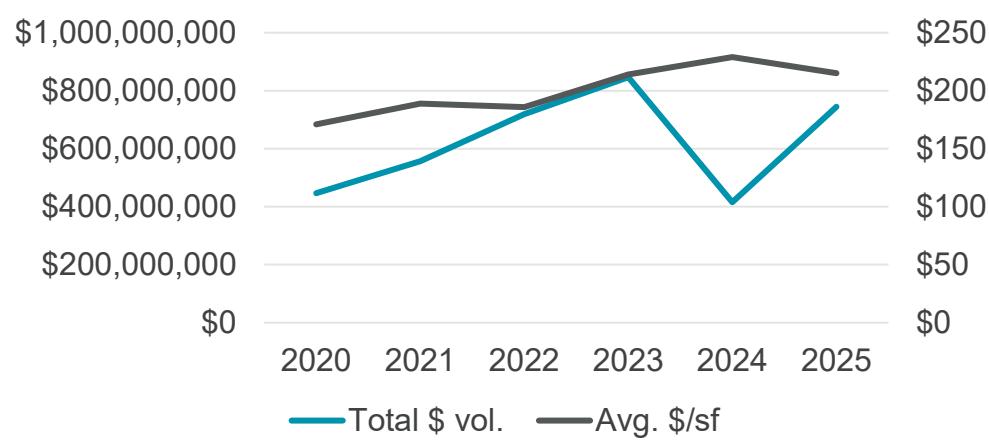


Source: The Network Real Estate Intelligence

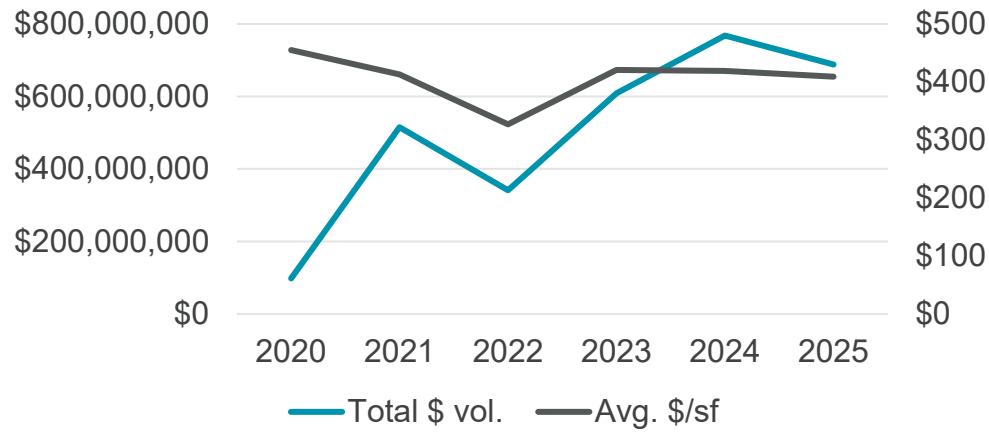
## Office Building Sales 2020-2025



## Industrial Property Sales 2020-2025



## Retail Property Sales 2020-2025



## OFFICE:

Through 2025, 45 office building transactions closed – eleven of those in the fourth quarter of the year, totaling \$84.1 million and brought the total for the year to more than \$567 million. More than half of the year's investment stemmed from Oxford Properties purchasing the remaining 50% ownership of Eau Claire tower, as well as 400 Third and Centennial Place East & West from CPP investments to consolidate ownership of those four buildings.

For the year, five transactions closed above \$20 million and the above-noted Oxford purchases all exceeded \$25 million. Transactions such as this are rare, however, and all indications otherwise suggest an ongoing suppressed appetite for bigger-ticket properties. Calgary's *Downtown Development Incentive Program* continued to spur purchases of office buildings with the intention of adaptive repurposing to residential/hotel/education space conversion through 2025. Three additional conversions were announced late in the year, and city council approved a third round of financial support to the program, in principle, in the 2026 city budget to address ongoing demand.

## INDUSTRIAL:

For 2025, investment among industrial properties made a marked recovery after cooling substantially during 2024. Industrial assets were a hot commodity through 2022 and 2023, such that recent investment was just \$108 off the multi-year high water mark of \$852.6 million set in 2023. The fourth quarter of 2025 was particularly busy, with seventeen transactions closing for approximately \$215.5 million.

As shown in the chart at left, dollar volume saw powerful rebounds in the immediate post-pandemic years. The market became largely over-bought however, which led to investors letting some froth come off the market in 2024. Through 2025 though, there were bargains to be found and the leasing market showed strong indicators of normalizing after reaching vacancy rates above 6.0% in 2024.

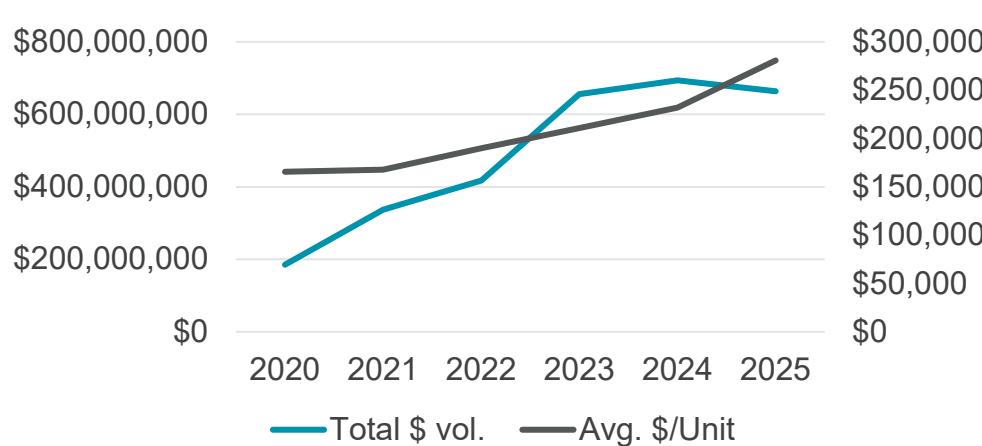
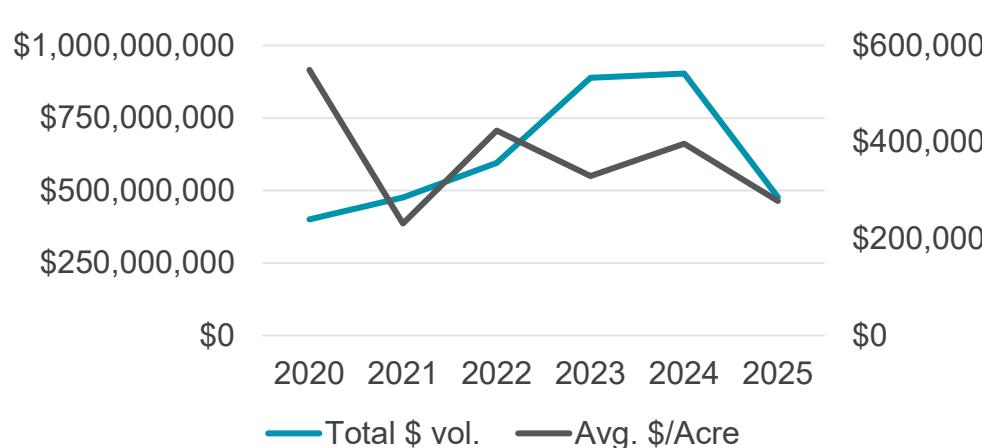
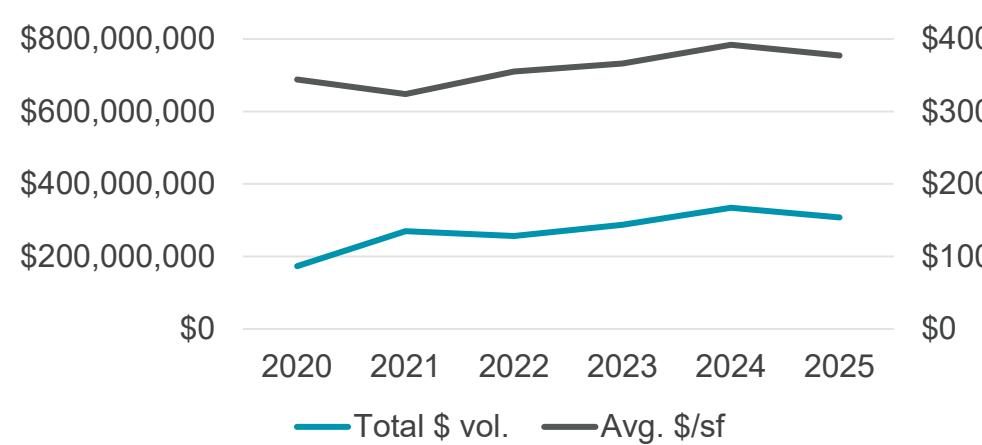
## RETAIL:

Approximately \$688.2 million in transactions closed among retail assets through 2025, bringing total dollar volume to the second highest level since 2020. While overall sales increased from 53 in 2024 to 57 in 2025, a YOY decrease in dollar volume of approximately 10.0% manifested – due to a decrease in sales of big-ticket properties priced at \$25 million or greater. Seven such sales closed during 2025 versus nine though 2024.

Sales of shopping centres continued to dominate as a proportion of both total sales and overall dollar volume. This retail format garnered more than \$415 million through the year on 25 completed sales.

## DEBT CAPITAL MARKETS INSIGHTS

- The Bank of Canada (BoC) cut the overnight rate to 2.25% in October 2025 and subsequently followed this up with a rate hold in December. The hold was highly anticipated given that 2.25% is the lower end of the BoC's neutral interest rate range coupled with sticky inflation and resilient job growth across the country. Inflation remains volatile due to spikes in grocery, mortgage, and energy costs. That said, overall inflation rate is within the BoC's target range of 2.0% to 3.0%.
- Four of Canada's "Big Six" banks project stability in the overnight rate through the first three quarters of 2026 and anticipate a shifting hawkish sentiment towards the end of the year and into 2027.
- There was significant upward movement in the bond market towards the end of 2025, resulting from rising interest rate expectations for 2026 and increased volatility in global energy markets, exacerbated by American intervention into Venezuela. Furthermore, the dichotomy between Canada and the U.S. continued through Q4 2025 with the Federal Reserve cutting rates in December. This added additional upward pressure on the Canadian bond market.

**Multi-Family Property Sales 2020-2025****Land Sales 2020-2025****Commercial Condo Sales 2020-2025****MULTI-FAMILY:**

After a four-year run of YOY investment increases, purchases and dollar volume in this asset type cooled slightly during 2025. Multi-residential properties garnered total investment of \$663.5 million for the year, down approximately 4.5% from 2024 levels.

Average price per unit, however, continued to increase on a YOY basis with multi-residential properties moving for an average of \$276,108 per unit - up significantly from \$231,895 a year earlier. Average cap rates came in at 4.7% versus 4.8% last year.

**LAND:**

The land asset class was the second smallest source of investment in Calgary through 2025, with just \$475.6 million over 100 transactions logged by the end of the year. Dollar volume-wise, this represents a little more than half of total dollar volume posted during 2023 and 2024. Despite the dramatic YOY decrease in transactions and dollar volume, demand for the various types of land remained in similar proportion to 2024; urban development and multi-family zoned land continued to be the most popular, drawing \$185 million and \$134 million in sales, respectively.

Much of the YOY decrease is attributable to the lack of sales exceeding \$10 million, compared to 2024. Eleven sales closed above that threshold over the course of the year for a total of \$195.9 million versus twenty-five, totaling \$596.2 million a year prior.

**COMMERCIAL CONDOMINIUMS:**

Investment in commercial condominiums reached a near-all time dollar volume record during 2025, coming in just \$27 million shy of the record set in 2024. More than \$78 million in transitions closed among commercial condominiums through the fourth quarter of the year, with industrial condo sales comprising approximately three-quarters of (\$59 million). Demand for industrial condos is typically much stronger than for office and retail condos, and this was once again demonstrated through 2025 with industrial condo sales comprising 59.2% of total dollar volume versus retail/medical condos (29.6%) and office condos (11.2%).

Speaking to prices per square foot, this metric increased notably across two of the three condominium formats. Average price per square foot prices for retail/medical condos decreased slightly to an average of \$525 per square foot (psf) from \$536 psf a year earlier. Price psf values for office condos, however, rose to \$374 psf from \$357 a year prior while price psf values for industrial condos also increased to \$309 psf versus \$283 psf in 2024.

**DEBT CAPITAL MARKETS (Con't.)**

- Geopolitical instability, media headlines, and shifting public policy are expected to continue impacting lenders' capital allocations and borrowers' demand for debt through 2026. Nonetheless, transactions continued to fund through the year with a clear focus on income producing properties. Competition for prudently underwritten multi-tenant industrial, grocery anchored retail, and centrally located multi-family remained strong with a noticeable compression in lender spreads for landmark assets held or acquired by experienced sponsors with resilient balance sheets and accessible liquidity.
- Construction and land financing continued to present challenges with many lenders electing to remain on the sidelines for this product type. Absorption and pre-sales are at the top of mind for borrowers and lenders alike with the major markets across the country consistently exhibiting a negative trendline. The growing surplus of standing inventory served to exacerbate uncertainty and roil developers and lenders.
- On a more positive note, there has been sustained appetite and activity in townhome and larger family-oriented condo product geared towards dual income households and young families.

## 2025 INVESTMENT ACTIVITY

| PROPERTY TYPE          | PROPERTIES SOLD | SALES VOLUME (CAD)     | TOTAL SOLD    | PRICE/SF, UNIT, ACRE | OVERALL CAP RATE |
|------------------------|-----------------|------------------------|---------------|----------------------|------------------|
| Industrial             | 95              | \$744,741,418          | 4,458,440 sf  | \$215 / sf           | 6.55%            |
| Retail                 | 57              | \$688,238,500          | 1,448,254 sf  | \$409 / sf           | 6.54%            |
| Multi-residential      | 52              | \$663,504,346          | 2,189 units   | \$276,108 / unit     | 4.66%            |
| Office                 | 45              | \$567,288,785          | 5,274,197 sf  | \$240 / sf           | 4.9%             |
| Land                   | 100             | \$476,605,897          | 316,331 acres | \$278,299 / acre     | 7.69%            |
| Commercial Condominium | 280             | \$307,289,289          | 890,009 sf    | \$377 / sf           | 6.09%            |
| <b>TOTAL</b>           | <b>629</b>      | <b>\$3,447,668,235</b> |               |                      | <b>5.95%</b>     |

## 2025 SIGNIFICANT SALES

| ADDRESS/BUILDING                    | TYPE             | BUYER                               | SELLER                            | TOTAL AREA (SF/ACRES/SUITES) | PURCHASE PRICE | PRICE / UNIT (\$ PSF) | SUBMARKET          |
|-------------------------------------|------------------|-------------------------------------|-----------------------------------|------------------------------|----------------|-----------------------|--------------------|
| Centennial Place East & West Towers | Office           | Oxford Properties                   | CPP Investments                   | ~1.3 million sf              | \$163,575,000  | \$254/sf              | Downtown           |
| Hyatt Regency                       | Retail           | 2662206 Alberta Ltd.                | Jowidana Hotels Ltd.              | 355 units                    | \$125,500,000  | \$353,521/unit        | Downtown           |
| DeVille Quarry Park                 | Mult-Residential | Fiera Real Estate Core Fund GP Inc. | Remington Development Corp.       | 333 units                    | \$119,900,000  | \$360,060/suite       | Douglasdale        |
| Eau Claire Tower                    | Office           | Oxford Properties                   | CPP Investments                   | 611,178 sf                   | \$90,950,000   | \$298/sf              | Downtown           |
| 615 30 St NE*                       | Industrial       | KS Calgary Industrial Holdings Inc. | York Realty Inc.                  | 470,440 sf                   | \$73,800,000   | \$157/sf              | Franklin           |
| 400 Third Tower                     | Office           | Oxford Properties                   | CPP Investments                   | 888,245 sf                   | \$56,725,000   | \$128/sf              | Downtown           |
| First Canadian Place                | Office           | Armco Capital Inc.                  | The Canada Life Assurance Company | 540,000 sf                   | \$46,500,000   | \$86/sf               | Downtown           |
| 9999 178 Ave SE                     | Land             | Genstar Titleco #3 Ltd.             | Susan Hughes, et al.              | 138 acres                    | \$25,268,640   | \$183,080/acre        | Subdiv. 12J        |
| 6004 Country Hills Blvd NE          | Condo complex    | Kailash Land Holdings Inc.          | Royal Yard Ventures Inc           | 9,111 sf                     | \$10,500,000   | \$1,152/sf            | Sky Pointe Landing |

Sources: Cushman &amp; Wakefield Research, Cushman &amp; Wakefield National Capital Markets Group &amp; The Network Real Estate Intelligence

\*Part of a 9 building/7 property portfolio sale

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