Downtown market continues to see increased activity

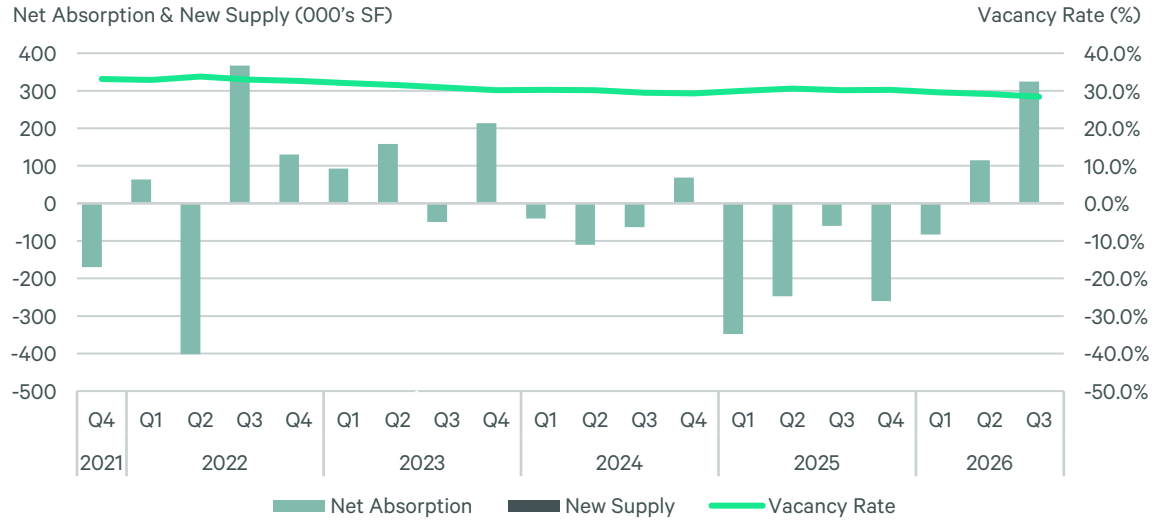
▼ 28.4%	▲ 324K	▼ 1.8M	▲ $18.08
Vacancy Rate	SF Net Absorption	SF Sublease Vacancy	PSF Net Asking Rent

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

- The downtown office market recorded its second strongest quarter of net absorption since Q3 2014 as the market avoided any large negative shocks while seeing an increase in activity from a variety of industries, including energy and education.
- Sublease space fell by 19.2% in Q3 2026 and is now at its lowest level since Q2 2024, driven primarily by a few large lease expiries along with various sublease transactions. Only one new multi-floor sublease was added to the market in Q3 2026, far below typical levels seen since the beginning of 2025.
- Q3 2026 saw no new subleases come to the market from the fallout of mergers and acquisitions (M&A) in the energy sector. However, the announcement of a new merger between Tamarack Valley Energy and Headwater Exploration in Q3 2026 may add additional sublease space in the foreseeable future.
- Calgary is the fastest-growing technology market in North America, with a 56.0% growth in total employment from 2022 to 2025. Despite this, growth in downtown leasing activity from these tenancies remains modest.

FIGURE 1: Downtown Office Market Fundamentals



Source: CBRE Research, Q3 2026.

© 2026 CBRE Limited

Market fundamentals

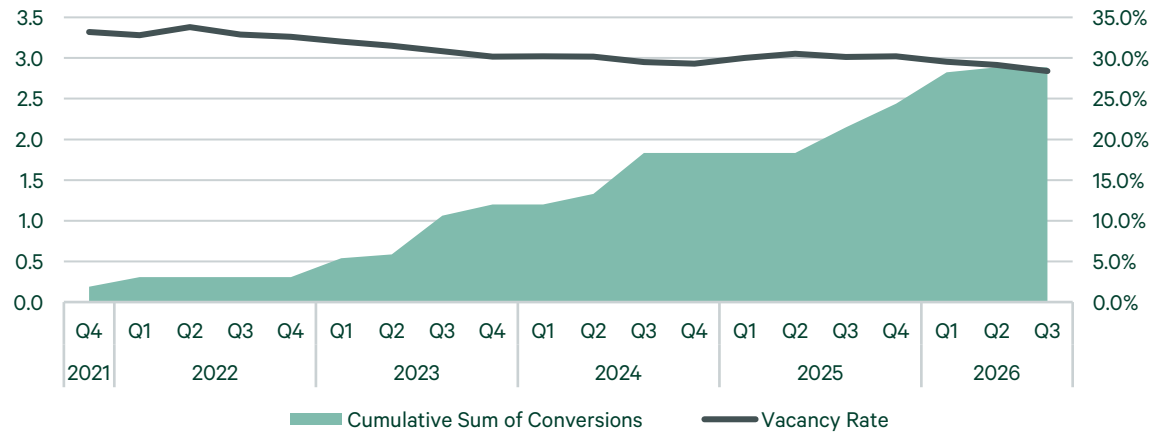
The downtown office market recorded its second-highest quarter of net absorption since Q3 2014, driven by a handful of transactions in which tenants expanded in the energy, education, and finance industries. This marks the second consecutive quarter of positive net absorption in the downtown market and brings the year-to-date net absorption to 356,000 sq. ft. If this were the full-year total for 2026, it would be the second-highest annual net absorption recorded in downtown Calgary since 2014, behind only 2023, when 415,000 sq. ft. of net absorption was recorded.

The vacancy rate fell by 80 basis points (bps) to 28.4%, marking the lowest downtown vacancy since Q2 2020, as the recent positive momentum, combined with the removal of 22 buildings from inventory for conversion, have helped reduce vacancy. A new set of buildings have been submitted to receive funding under the City's Downtown Office Conversion Program and will likely be removed from inventory in 2027, further reducing vacancy.

Tech talent continues to grow

CBRE's Scoring Tech Talent 2026 report recognized Calgary as the fastest-growing tech talent market in North America, with 56.0% growth in total employment in the industry from 2022 to 2025. However, leasing activity downtown from this industry has grown only modestly over this period, as tech companies in the city still maintain above-average rates of working from home. Despite this, downtown industry diversification, including growth in the technology industry, remains a key component of future office recovery. The growing number of early-stage and start-up companies in the city is expected to continue expanding and which may amount to further office requirements in the future. Furthermore, growth is occurring in the coworking and flexible office space sector, as an increasing number of early-stage companies have been active in securing space in these locations.

FIGURE 2: Downtown Office Conversions Vs. Vacancy Rates
Cumulative Sum of Converted Downtown Office Since 2021 (MSF)



Source: CBRE Research, Q3 2026.

FIGURE 3: Notable Q3 2026 Transactions

Tenant	Building	Size (SF)
CNOOC	The Bow	181,000
CES Energy Group	Centrium Place	92,000
SLB	Millenium Tower	91,000
Parex Resources	Eighth Avenue Place – West	73,000
AltaGas Ltd.	707 Fifth	44,000
Total Energy Services	Stephen Avenue Place	29,000

Source: CBRE Research, Q3 2026.

FIGURE 4: Net Absorption by Building Class (000's)



Source: CBRE Research, Q3 2026.

© 2026 CBRE Limited

Sublease space and M&A activity

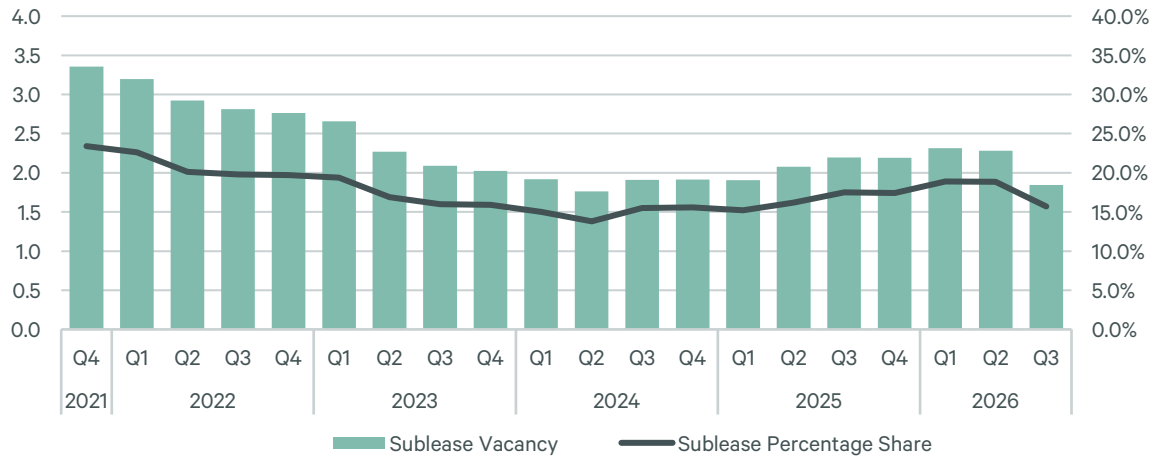
Sublease space fell by 19.1%, or 438,000 sq. ft., in Q3 2024 to 1.8 million sq. ft., the lowest level since Q2 2024. This change was largely driven by large subleases imminently expiring and rolling back to headlease vacancy. However, several notable transactions also occurred in this segment, including Parex Resources and AltaGas Ltd. Only one new multi-floor sublease was added to the market in Q3 2026 (Floors 16-17 from Tourmaline Oil Corp. in Bow Valley Square III), far below typical levels seen since the beginning of 2025.

This reduction in sublease space is partially attributable to a gap in new sublease space coming to the market from M&A in the energy sector. However, some transactions are still occurring, which could add additional sublease space in future quarters. Most notable in Q3 2026, was the announcement of a merger between Tamarack Valley Energy and Headwater Exploration. This deal is expected to close in Q4 2026. Furthermore, Shell Canada's acquisition of ARC Resources closed in Q3 2026 and shortly after the conclusion of Q3 2026, Cenovus Energy announced an agreement to acquire Athabasca Oil Corporation, both of which may also add sublease space to the market at a future date.

New demand for energy production

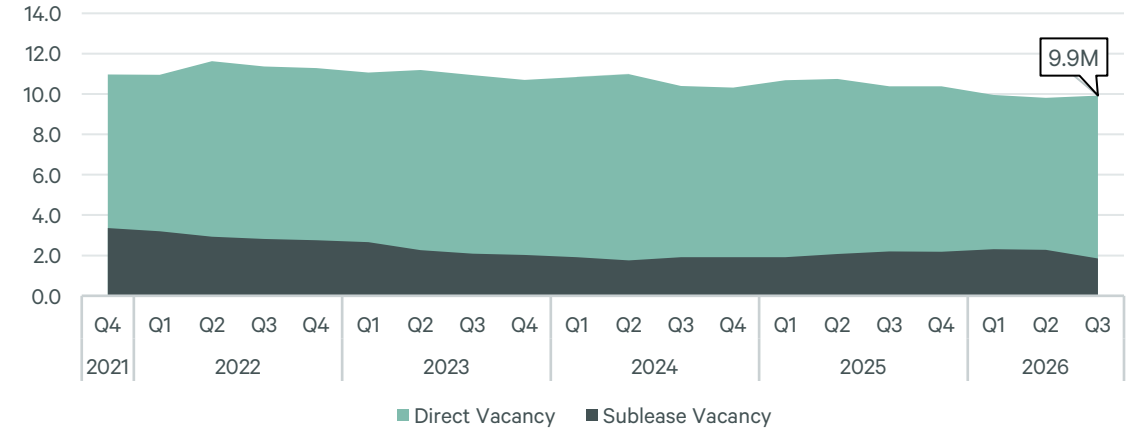
As Canada aims to attract investment in major infrastructure projects and expand its energy production and export capacity, both Calgary's downtown office market and the broader Alberta economy stand to benefit. Many notable proposed projects including the new Pacific Link pipeline, LNG Canada Phase II, Coastal GasLink Phase II, KSI Lisims LNG, are all projects to watch, which could significantly increase investment in production and midstream infrastructure from oil and gas companies. Furthermore, Alberta's ever-growing list of proposed data centres is increasing demand for natural gas production, new midstream infrastructure, and power generation. Many of these major investments still face key hurdles, require necessary approvals, and the timelines for completion are several years away. However, these project commencements would increase capital expenditures in the province, a metric that has historically been strongly correlated with net absorption levels in the downtown office market.

FIGURE 5: Downtown Historical Sublease Vacancy



Source: CBRE Research, Q3 2026.

FIGURE 6: Downtown Vacancy (MSF)



Source: CBRE Research, Q3 2026.

© 2026 CBRE Limited

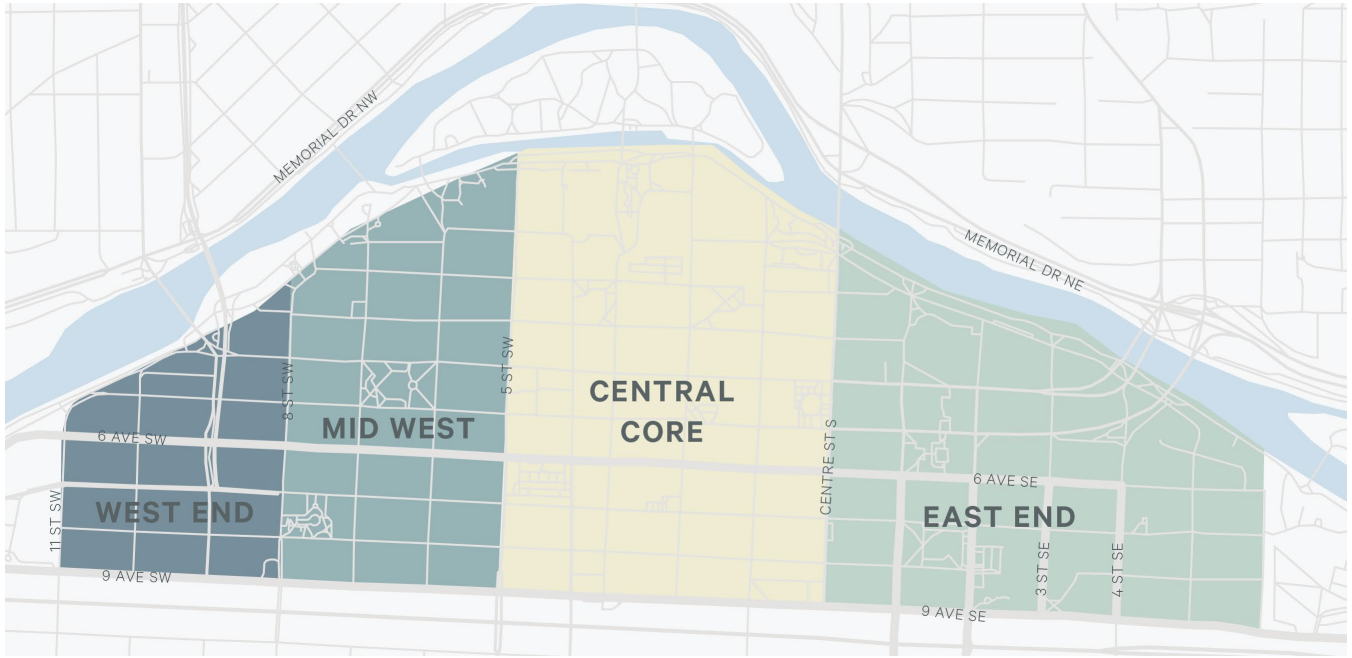
FIGURE 7: Downtown Office Market Fundamentals

Submarket	Building Class	Inventory (SF)	Vacant Space (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	Sublease Vacancy (SF)	Under Construction (SF)
Central Core	AA	14,313,895	2,506,135	17.5%	168,615	273,261	231,734	0
	A	10,591,841	3,036,747	28.7%	209,096	123,180	503,681	0
	B	2,646,274	978,564	37.0%	14,783	79,145	23,110	0
	C	902,937	319,274	35.4%	-118,683	-133,997	2,615	0
Central Core Total		**28,454,947**	**6,840,720**	**24.0%**	**273,811**	**341,589**	**761,140**	**0**
Mid-West Core	AA	1,157,463	223,419	19.3%	43,681	140,778	147,120	0
	A	2,213,410	1,179,656	53.3%	-4,720	-6,655	567,897	0
	B	3,540,829	1,559,568	44.0%	-19,030	-107,986	32,294	0
	C	1,596,575	763,023	47.8%	1,651	-35,619	0	0
Mid-West Core Total		**8,508,277**	**3,725,666**	**43.8%**	**21,582**	**-9,482**	**747,311**	**0**
West End	A	138,442	20,711	15.0%	0	-12,556	0	0
	B	410,681	44,433	10.8%	15,363	15,420	24,060	0
	C	519,632	123,074	23.7%	38,665	31,553	0	0
West End Total		**1,068,755**	**188,218**	**17.6%**	**54,028**	**34,417**	**24,060**	**0**
East End	AA	1,900,000	265,445	14.0%	0	5,680	265,445	0
	B	1,242,268	552,009	44.4%	-25,146	-21,346	42,628	0
	C	294,176	195,270	66.4%	0	5,029	2,094	0
East End Total		**3,436,444**	**1,012,724**	**29.5%**	**-25,146**	**-10,637**	**310,167**	**0**
Downtown Total		**41,468,423**	**11,767,328**	**28.4%**	**324,275**	**355,887**	**1,842,678**	**0**

Source: CBRE Research, Q3 2026.

© 2026 CBRE Limited

Market Area Overview



Definitions

Inventory (SF): The total office area (sq. ft.) of competitive building(s) in the market.

Overall Vacancy Rate: Total Vacant Space divided by inventory. Calculated as a percent.

Vacant Space (SF): The sum of Direct and Sublet Space that can be immediately occupied, typically including up to 180 days following quarter close.

Headlease Vacancy (SF): Space offered for lease directly by the building owner or landlord.

Sublease Vacancy (SF): Space offered for lease indirectly by a tenant.

Net Absorption: The change in Occupied Space from one quarter to the next as a measure of market activity. Includes Pre-leased space upon delivery as New Supply.

Occupied Space: Total inventory of the building(s) not considered vacant.

Net Asking Lease Rate ($): A calculated average of net lease rates, weighted by their corresponding available headlease square footage.

New Supply: Space delivered to the market from the completion of newly constructed competitive building(s).

Under Construction: The expected total office area of new competitive buildings(s) actively undergoing development.

Contacts

Lane Burton

Research Manager
+1 403 750 0509
lane.burton@cbre.com

CBRE Calgary Office

525 – 8th Avenue SW, Suite 3200

Calgary, AB T2P 1G1

© Copyright 2026. Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE Limited clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE Limited.