

Suburban market begins year with strong positive net absorption

▼ 17.0%
Vacancy Rate

▲ 424K
SF Net Absorption

▶ 0K
SF New Supply

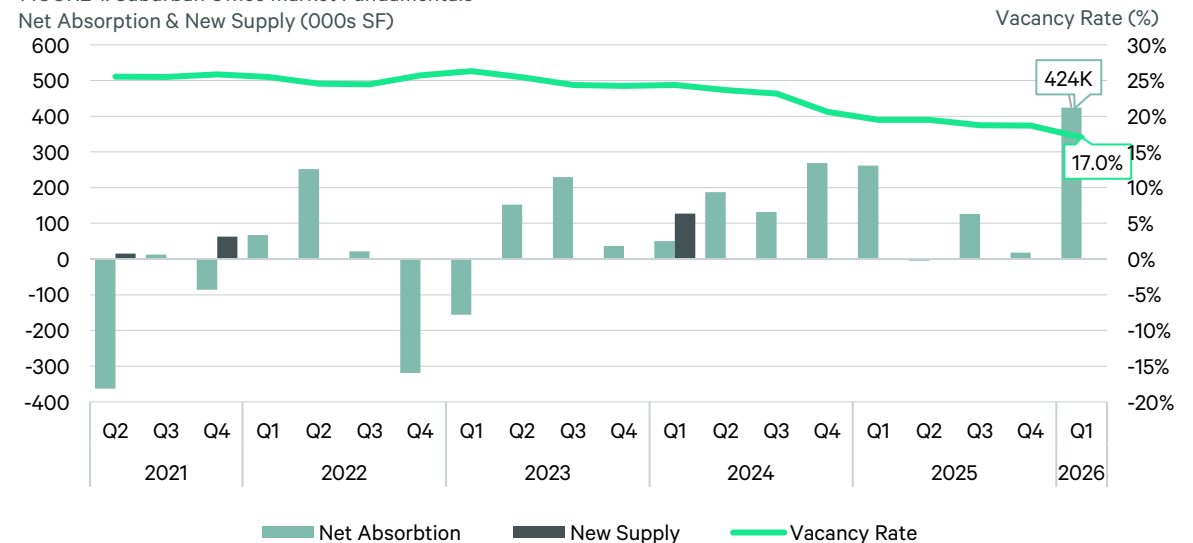
▲ \$16.67
PSF Net Asking Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- The suburban market continued its strong performance to begin 2026 with a highly active first quarter. All building classes recorded positive net absorption, with Class B inventory leading the way at a substantial 214,000 sq. ft. of net absorption.
- During Q1 2026, the Northeast submarket demonstrated the strongest performance, driving net absorption and lowering its vacancy rate to 15.2%. This positive trend was mirrored across all submarkets, with each seeing positive net absorption.
- Despite Alberta’s population growth slowing in 2025, it remains the fastest-growing province in Canada. This population growth has had continued positive effects for the suburban office market, with industries that benefit from a larger population base, including construction, social services, and education being the primary drivers of growth.
- The gap between suburban and downtown vacancy continues to widen, with the difference hitting 1290 basis points (bps), the largest ever recorded in Calgary. Increased sublease space in the downtown market could result in increased competition against Beltline properties.

FIGURE 1: Suburban Office Market Fundamentals
Net Absorption & New Supply (000s SF)



Source: CBRE Research, Q1 2026.

Market fundamentals

Q1 2026 began the year with strong net absorption, recording 424,000 sq. ft., which was more than all of 2025, itself a strong year. This was the highest single-quarter net absorption since Q4 2018. The suburban vacancy rate fell by 170 bps in Q1 2026 to 17.0%, the lowest level since Q2 2015. Class B space recorded the most net absorption of all classes with 214,000 sq. ft. This resulted in a decrease in the vacancy by 210 bps to 19.2%, which is the lowest for the class since Q4 2016. Class A followed with 173,000 sq. ft. of net absorption and a 130-bps decrease of vacancy to 16.2%. Class C recorded a moderately positive quarter compared to Class A and B, with 36,000 sq. ft. of net absorption and a 120-bps decrease of vacancy to 14.5%, the lowest since Q4 2009.

Population growth in Alberta

Alberta’s rapid population growth over the past four years has been a primary driver for the suburban office market. Industries such as social services, healthcare, education, construction, and daycares continue to be the main drivers of suburban office growth as they expand to serve a larger population. However, the rate of population growth has now slowed significantly and is approaching pre-pandemic levels. Despite this, growth remains strong as pent-up demand for these types of services persists. While population growth has slowed across the country, Alberta still remains Canada’s fastest-growing province, surpassing five million residents and adding 60,000 residents in 2025.

FIGURE 2: Quarterly Suburban Net Absorption by Building Class (000s SF)



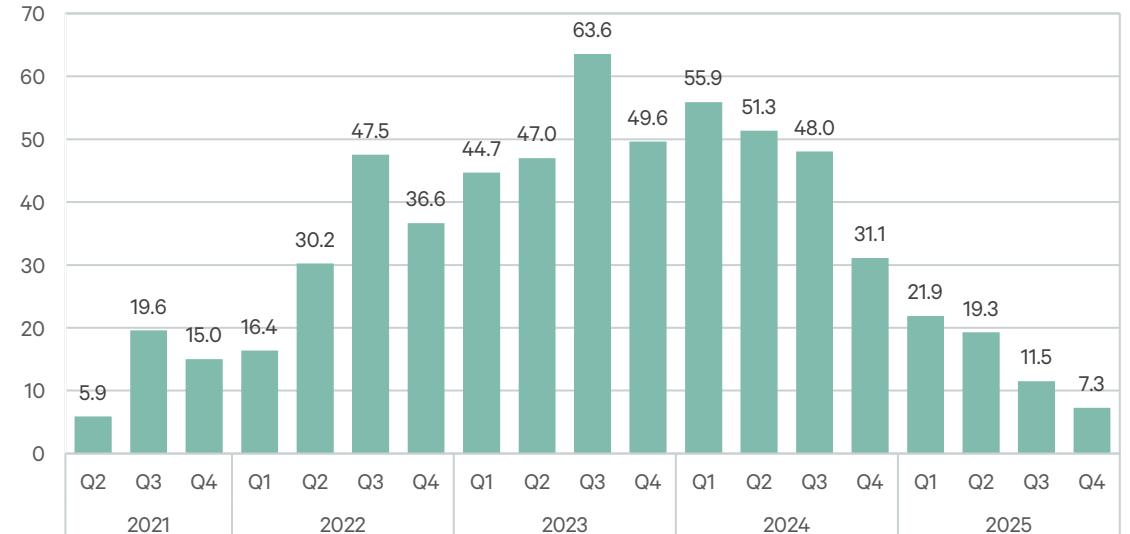
Source: CBRE Research, Q1 2026.

FIGURE 3: Q1 2026 Suburban Top Transactions

Size (SF)	Tenant	Building Name
54,000	Bird Construction	Westmount Corporate Campus IV
34,000	Luna Child and Youth Advocacy	Northwest Centre II
26,000	Chandos Construction	Railway Street Corporate Centre A
23,000	Brandt Group	Harvest Hill Office Park – Building B
21,000	North Point Schools	Alistair Ross Centre

Source: CBRE Research, Q1 2026.

FIGURE 4: Alberta Population Change (000s)

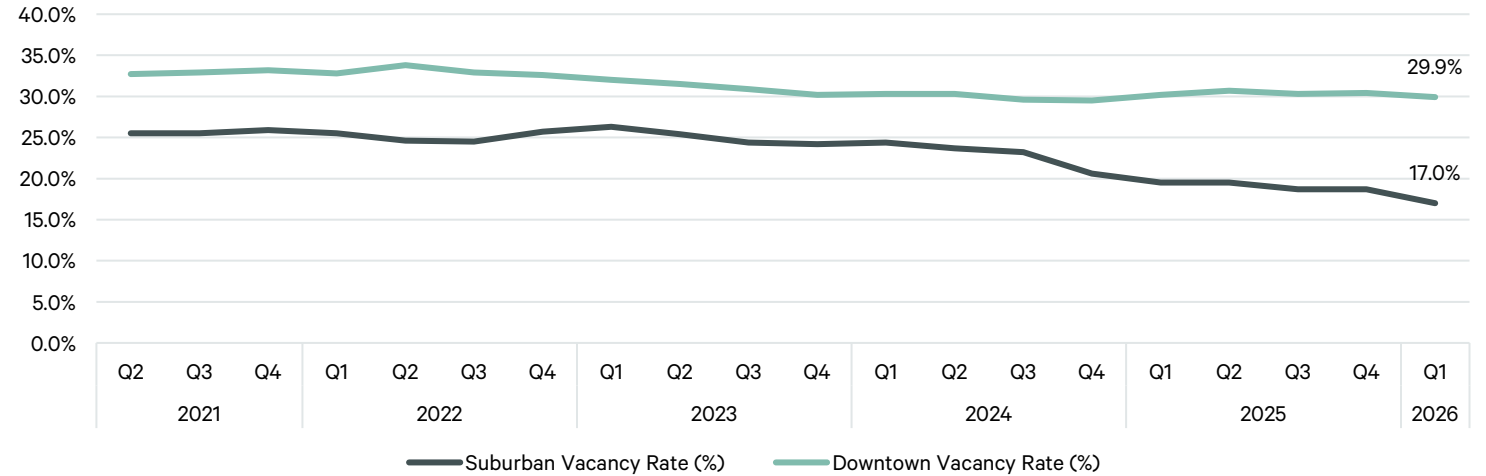


Source: [StatsCanada](https://www150.statcan.gc.ca/n1/pub/28-6014-x/2025001/article/00001-eng.htm), Q1 2026.

Suburban vs downtown office

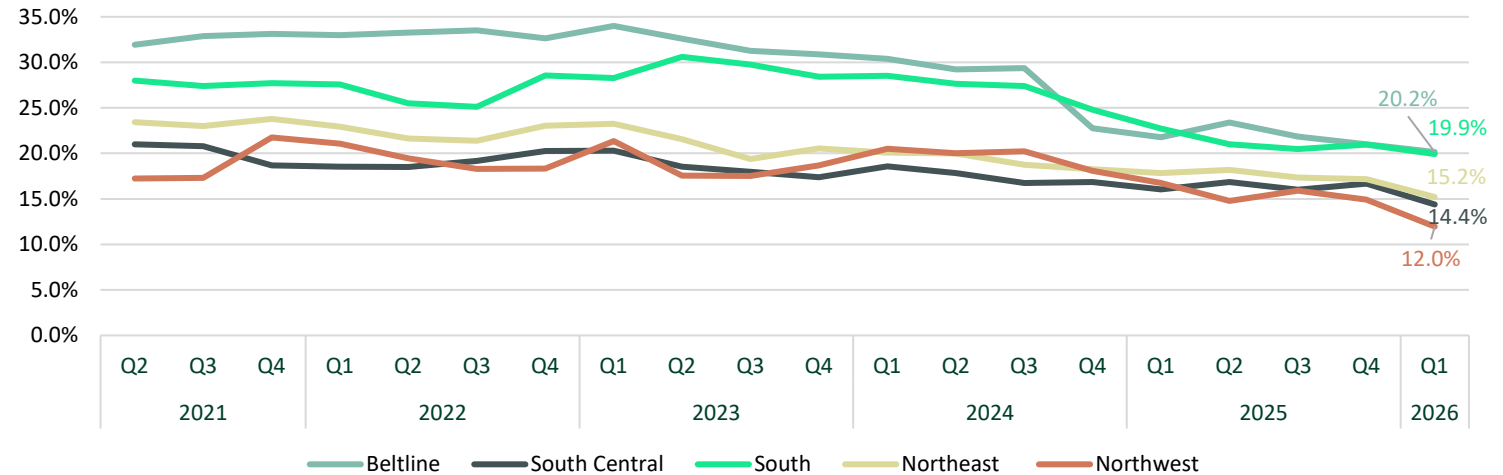
The gap between the suburban and downtown markets continues to grow, with the difference in vacancy rates the highest recorded. The Suburban vacancy of 17.0% is 1290 bps lower than downtown, which sits at 29.9% and has been steadily widening since Q3 2024. The Beltline market is poised to face increased competition from downtown. The market continues to see a wave of mergers and acquisitions. Increased merger and acquisition activity in downtown has created a surge in sublease space, intensifying competition for the Beltline market. This trend, combined with tenants' growing demand for high-quality, move-in-ready offices, may shift the balance, making downtown subleases at more competitive rates a more desirable option.

FIGURE 5: Suburban vs Downtown Vacancy (%)



Source: CBRE Research, Q1 2026.

FIGURE 6: Vacancy Rate by Submarket (%)



Source: CBRE Research, Q1 2026.

Submarkets

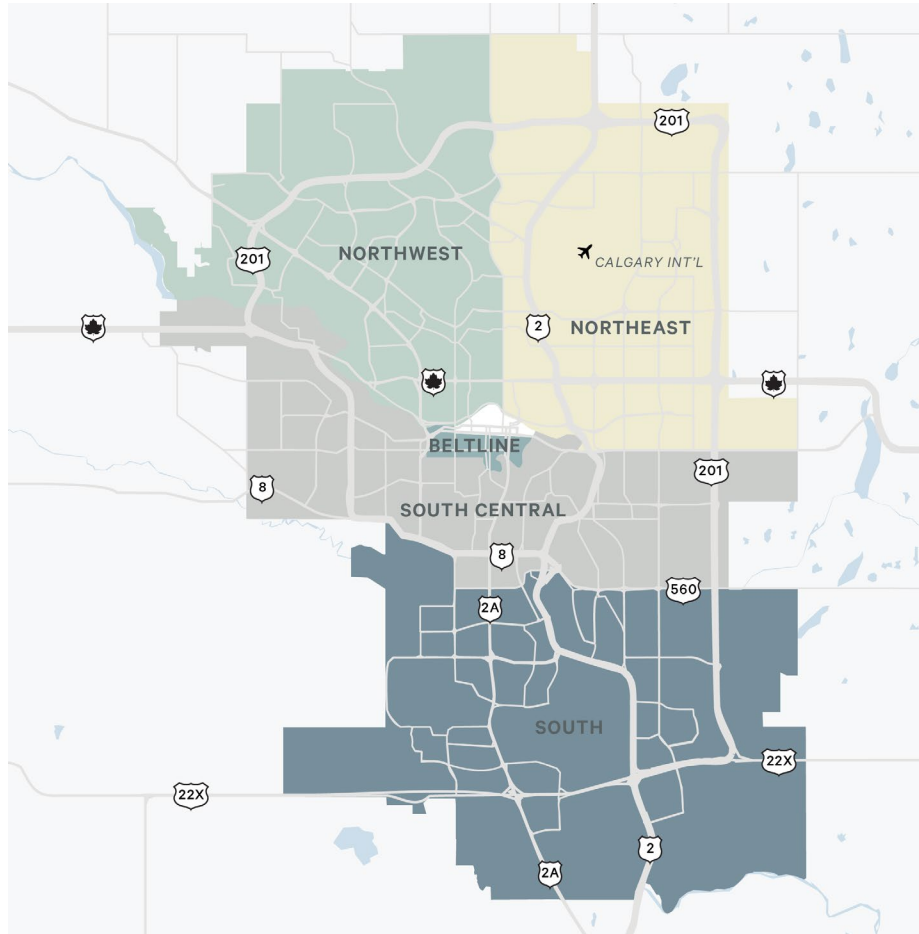
The Northeast market recorded the highest net absorption of all the submarkets with 129,000 sq. ft. in Q1 2026. This is the highest quarterly net absorption recorded in the submarket since Q2 2018. The Northeast also recorded a 200-bps decrease of vacancies to 15.2%. The South Central and Northwest also recorded strong quarters with 110,000 sq. ft. and 70,000 sq. ft. of net absorption, respectively, to start 2026. The Beltline almost replicated its performance from the previous quarter, with 48,000 sq. ft. of net absorption and an 80-bps decrease in vacancy to 20.2%, while the South recorded a strong positive net absorption of 67,000 sq. ft., resulting in a vacancy decrease to 19.9%.

FIGURE 7: Suburban Office Market Fundamentals

Submarket	Building Class	Inventory (SF)	Vacant Space (SF)	Vacancy Rate (%)	Net Absorption (SF)	Sublease Vacancy (SF)	Under Construction (SF)
Beltline	A	2,685,289	444,430	16.6%	26,938	180,341	0
	B	2,627,503	609,802	23.2%	22,969	59,641	0
	C	404,066	97,848	24.2%	-1,457	8,834	0
Beltline Total		5,716,858	1,152,080	20.2%	48,450	248,816	0
South Central	A	2,355,816	283,704	12.0%	57,880	27,256	0
	B	1,596,674	219,116	13.7%	47,929	4,202	0
	C	774,890	177,432	22.9%	4,134	21,590	0
South Central Total		4,727,380	680,252	14.4%	109,943	53,048	0
South	A	4,508,041	837,075	18.6%	50,294	15,643	0
	B	1,539,889	413,330	26.8%	7,982	98,903	0
	C	315,351	17,741	5.6%	8,577	0	0
South Total		6,363,281	1,268,146	19.9%	66,853	114,546	0
Northeast	A	2,693,928	485,229	18.0%	20,103	64,007	20,688
	B	2,560,603	384,971	15.0%	111,262	23,109	0
	C	1,271,701	122,460	9.6%	-2,516	899	0
Northeast Total		6,526,232	992,660	15.2%	128,849	88,015	20,688
Northwest	A	1,344,907	147,607	11.0%	18,040	37,964	0
	B	739,853	109,863	14.8%	24,205	2,583	0
	C	270,286	24,173	8.9%	27,336	1,985	0
Northwest Total		2,355,046	281,643	12.0%	69,581	42,532	0
Suburban Total		25,688,797	4,374,781	17.0%	423,676	546,957	20,688

Source: CBRE Research, Q1 2026.

Market Area Overview



Suburban Submarket Overview

CBRE segregates the suburban office market into five submarkets; Northeast, Northwest, South Central, South and Beltline.

- The Beltline submarket represents the area immediately South of the downtown core. It is bounded by the CP rail tracks to the North, 17th Ave. to the South, Macleod Trail to the East and 14th St. to the West. The Beltline also includes commercial buildings in the communities of Scarboro, Victoria Park, and Mission.
- The South Central submarket is bounded by the Beltline to the North and the South submarket to the south.
- The South submarket is comprised of all areas South of Heritage Dr. and Glenmore Trail.
- The Northeast submarket is bounded to the south by the Bow River and East of Centre St. N.
- The Northwest submarket is bounded to the South by the Bow River and to the West by Centre St. North.

CBRE Office

525 – 8th Avenue SW, Suite 3200
Calgary, AB T2P 1G1

Contacts

Peter Switzer

Research Analyst
+1 403 750 0533
peter.switzer@cbre.com

Lane Burton

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