Calgary retail defined by strong demand and tight supply

▼ 5.8%
Vacancy Rate

▲ 267K
SF Net Absorption

▲ 254K
SF New Supply

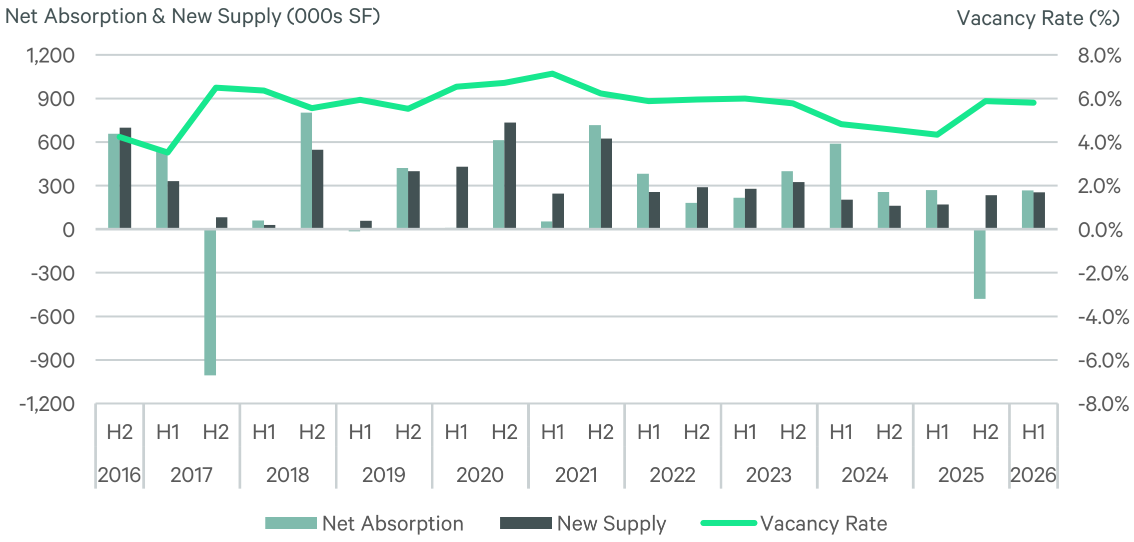
▼ 607K
Under Construction

Note: Arrows indicate change from previous half.

MARKET SUMMARY

- Vacancy declined slightly in H1 2026, declining from 5.9% to 5.8%, while the market recorded 267,000 sq. ft. of positive net absorption following the disruption caused by Hudson's Bay Company (HBC) closures in H2 2025.
- Market fundamentals remain strong, particularly for grocery-anchored, community, and daily-needs centres, supported by Calgary's population growth and suburban expansion.
- The CBD and South Central submarkets continue to see higher vacancy, mainly due to downtown retail and regional mall vacancies, exacerbated by the HBC fallout, while suburban markets remain significantly tighter.
- Suburban performance remains exceptionally strong, with vacancy rates of just 0.4% in the South, 0.9% in North Central, and 1.7% in the Southeast, highlighting limited availability in key trade areas.
- Landlords remain in a favourable position, especially in high-growth suburban nodes where limited new supply and strong tenant demand allow for more selective tenant mix decisions.

FIGURE 1: Retail Market Fundamentals



Source: CBRE Research, H1 2026.

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Market Fundamentals

Calgary's retail market stabilized through H1 2026. Total vacancy declined by 10 basis points (bps) to 5.8%, while occupied space increased to 41.6 million sq. ft. and total inventory reached 44.2 million sq. ft. Net absorption rebounded to 267,000 sq. ft., a meaningful shift from the negative 481,000 sq. ft. recorded in the back half of 2025. The prior period was heavily impacted by the Hudson's Bay closures, which added a significant amount of large-format vacancy and made the headline numbers look weaker than the underlying leasing environment.

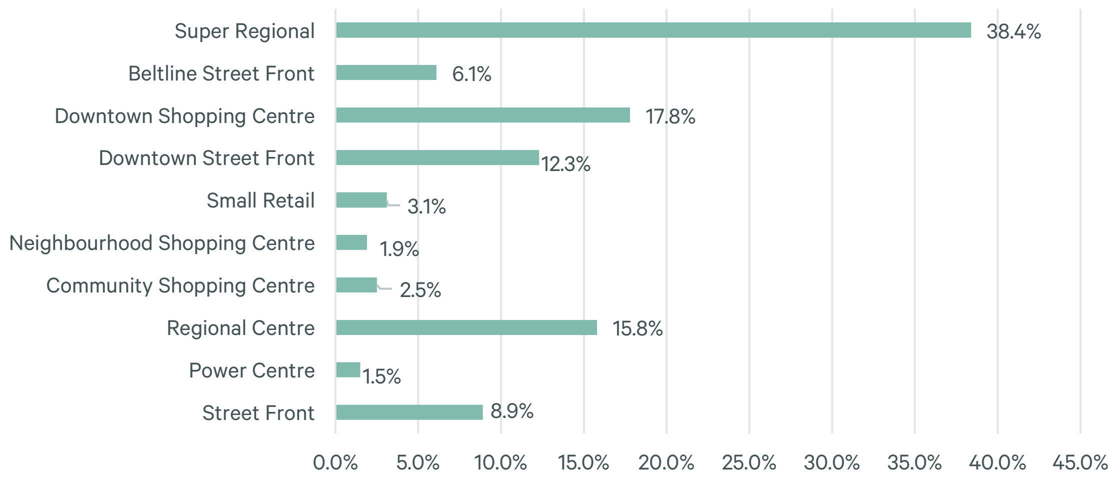
The current data suggests the market is still fundamentally tight, but uneven by formats and geographies. Power centres, community shopping centres and neighbourhood shopping centres remain among the strongest-performing formats, with H1 2026 vacancy of 1.5%, 2.5% and 1.9%, respectively. These assets benefit from strong traffic patterns, grocery anchors, daily-needs uses and limited competing availability. By contrast, super regional and downtown shopping centres continue to show elevated vacancy at approximately 38.4% and 17.8%, respectively, reflecting the lasting impact of department store closures and the need to reposition larger legacy retail spaces.

By submarket, the strongest conditions are in the suburban growth corridors. South Calgary reported a vacancy of just 0.4%, North Central was 0.9%, and the Southeast was 1.7%. The occupancy levels in these areas have reached the point where quality, functional space no longer exists outside of pre-leasing options. The West also remained healthy at 3.7%, while the East contracted to 5.0%. South Central remained elevated at 9.8% and the CBD at 11.5%, both skewed by larger vacancies and format-specific challenges. For tenants, this means fewer options, longer timelines and a higher bar to secure space. For landlords, it creates the ability to be more thoughtful around merchandising, credit, use mix and long-term project positioning.

Calgary's rapid population growth over the past several years continues to expand the suburban footprint, and retail is following new residential construction. New communities need services, and grocery-anchored centres are becoming the backbone of suburban retail development. Value-based national grocers remain a major driver of anchor demand as consumers prioritize everyday essentials and affordability. These anchors create consistent traffic that supports adjacent retailers, but they are also disciplined in their site selection and will require clear evidence of current and future residential density before committing.

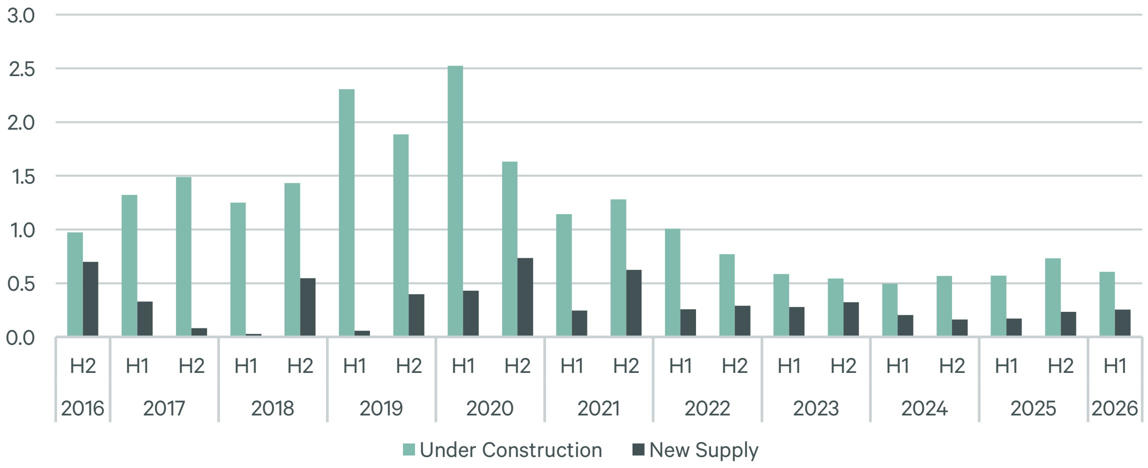
Developers are responding by taking a more deliberate approach to leasing. The strongest projects are no longer focused only on occupancy; they are focused on tenant mix, repeat traffic and long-term relevance. A well-curated merchandising plan is becoming more important than simply filling space. For prospective tenants, even well-capitalized operators may struggle to secure a deal if the use does not align with the developer's strategy for the trade area. In this environment, successful retail development is increasingly about getting the mix right from the outset.

FIGURE 2: Vacancy by Asset Type (%)



Source: CBRE Research H1 2026.

FIGURE 3: Historical Under Construction & New Supply (MSF)



Source: CBRE Research, H1 2026.

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Construction Update

Construction remains constrained relative to Calgary's historical pace, although new supply continues to enter the market selectively. H1 2026 delivered approximately 254,000 sq. ft. of new retail space, slightly above the 233,000 sq. ft. delivered in H2 2025. At the same time, space under construction declined to approximately 607,000 sq. ft. from 813,000 sq. ft., underscoring that the development pipeline remains measured despite strong tenant demand.

The active construction pipeline is concentrated in high-growth suburban areas and master-planned communities where residential density is increasing. Projects such as Livingston Centre, Belvedere Shopping Centre, Mercado Village and Alpine Park reflect the direction of the market: retail designed around daily needs, grocery, food, health, wellness, fitness and service-based uses that support growing communities. These projects are not just adding square footage; they are helping establish the commercial infrastructure needed as Calgary's suburban population continues to expand.

Elevated construction costs, higher rents and capital constraints continue to influence phasing and timing. Developers are cautious about delivering speculative space, and tenants are cautious about build-out costs and operating margins. As a result, pre-leasing remains critical, particularly for grocery-anchored and community-serving projects. Where the residential fundamentals are strong and the tenant mix is focused, demand remains robust. Where the project is less clearly positioned or the economics are stretched, leasing timelines may be longer.

Looking ahead, Calgary should remain a disciplined and competitive retail market. Quality space in established centres and suburban growth corridors will continue to command attention, while large-format legacy vacancies will require creative repositioning. Rent growth is expected to be more measured than the rapid gains seen over the past few years, but the best grocery-anchored and daily-needs retail will remain well supported. Limited new supply, population growth and tight suburban vacancy should keep landlords in a favourable position, provided projects are leased with a long-term view and an intentional merchandising strategy.

FIGURE 4: Notable Projects Under Construction

Property Name	Developer	Under Construction (SF)
Livingston Commercial	Brookfield Residential	110,000
Taza Superstore	Canderel	100,000
Alpine Park Convenience District	Dream	61,000
Redstone Market Square	Qualico Commercial	57,000
Southpoint Plaza	Private	34,000
Aspen Village	Vesta Properties	31,000
The Sentinel	Arlington Street	28,000
McIvor Square	Eagle Crest Construction	19,000
630 1 Avenue NE	Private	17,000
Richmond Green	Sarina Homes	15,000
Harvest Market	Section23 Developments	15,000

Source: CBRE Research, H1 2026.

FIGURE 5: H1 2026 Notable Completions

Property Name	Developer	Completed (SF)
West Springs Landing	Jomaa Developments	64,000
Belmont Village Shopping Centre	Luxuria Homes	45,000
Homestead	Private	40,000
Lewisburg	Truman Development	25,000
Bridgeland Shoppers	First Capital Reit	17.000
Redstone Market Square (Partial Completion)	Qualico Commercial	17,000
University District (Partial Completion)	West Campus Development Trust	16,000
Bow 33	Truman Development	14,000
The Plaza	Truman Development	14,000

Source: CBRE Research, H1 2026.

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FIGURE 6: Retail Statistics by Retail Type

Retail Type	**Vacancy Rate (%)**
Downtown Streetfront	12.3%
Beltline Streetfront	6.1%
Small Retail	3.1%
Downtown Shopping Centre	17.8%
Streetfront	8.9%
Neighbourhood Shopping Centre	1.9%
Community Shopping Centre	2.5%
Regional Shopping Centre	15.8%
Power Centre	1.5%
Super Regional Shopping Centre	38.4%
Total	5.8%

Source: CBRE Research, H1 2026.

FIGURE 7: Retail Statistics by Trade Area

Trade Area	**Vacancy Rate (%)**
Central Business District	11.5%
East	5.0%
North Central	0.9%
Northwest	4.5%
South Central	9.8%
Southeast	1.7%
South	0.4%
West	3.7%
Total	5.8%

Source: CBRE Research, H1 2026.

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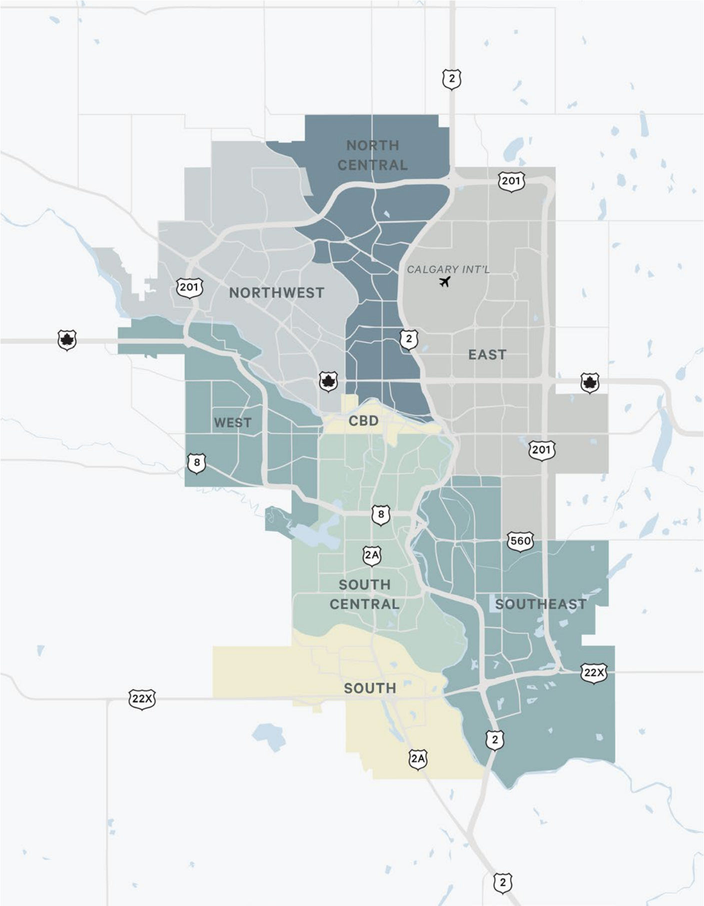
Market Area Overview



Definitions

Super Regional Shopping Centre (SRSC): Enclosed shopping centre, usually with three or more anchor tenants.

Downtown Shopping Centre (DSC): Downtown enclosed malls, including downtown office food courts.

Regional Shopping Centre (RSC): Enclosed shopping centre, usually with at least two anchor tenants. Provides goods and services on a regional scale.

Power Centre (PC): Two or more big-box retailers sharing the same parking facilities and tenants of the same development, perhaps along with some other small ancillary commercial activities

Small Retail (SR): Strip malls or smaller than neighbourhood shopping centre

Neighbourhood Shopping Centre (NSC): Centre that usually has a supermarket as an anchor and provides convenience goods and personal services.

Community Shopping Centre (CSC): Centre that usually has a supermarket and one other anchor, such as a junior department store, which provides goods and services to the surround community

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