

Calgary retail market demand remains robust, despite limited new supply

▲ 5.9%
Vacancy Rate

▼ -481K
SF Net Absorption

▲ 233K
SF New Supply

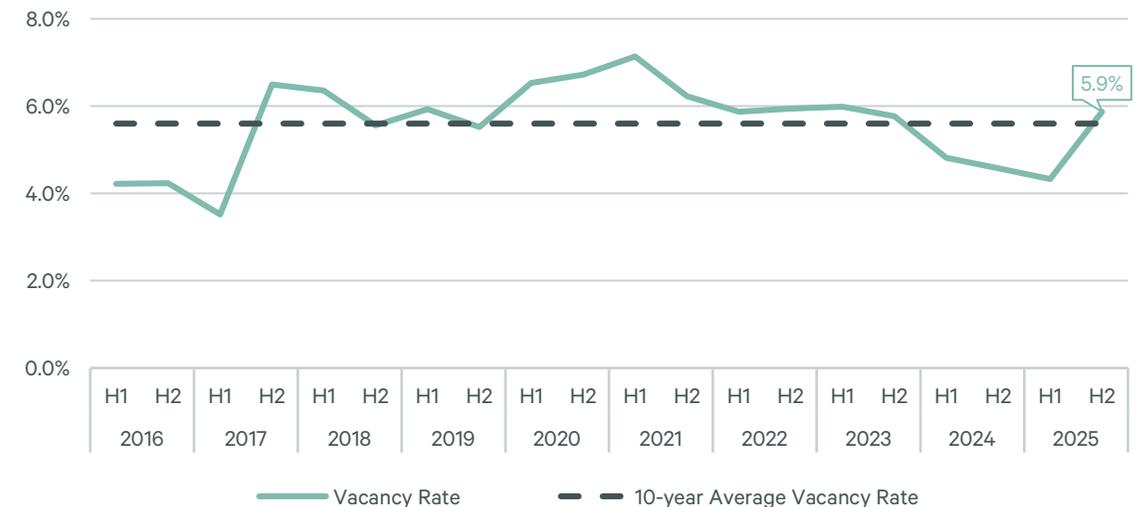
▲ 730K
Under Construction

Note: Arrows indicate change from previous half.

MARKET SUMMARY

- Overall retail vacancy rose in H2 2025, largely as a result of the Hudson’s Bay Company closure adding nearly 1.0 million sq. ft. of vacancy. However, excluding these closures, vacancy decreased, indicating a strong underlying market.
- Grocery-anchored suburban centers remain resilient, while the CBD and South Central areas show higher vacancy.
- Retailers will likely adopt more selective site selection strategies due to rising costs and shifting economic conditions.
- Expect a more measured pace of rent growth to start 2026, with grocery-anchored centers and strong suburban submarkets likely to outperform.
- Construction remains historically low but is showing signs of recovery as developers respond to a strong demand, especially in suburban areas.
- Despite limited new supply, demand for retail space, particularly grocery-anchored and daily-needs formats, remains robust.

FIGURE 1: Historical Overall Retail Vacancy Rate (%)



Source: CBRE Research, H2 2025.

Market Fundamentals

Calgary’s retail market experienced a reversal in H2 2025. Vacancy rose 160 basis points (bps) to 5.9% (from 4.3% in H1 2025), net absorption swung to negative 481,000 sq. ft., and 233,000 sq. ft. of new supply delivered into a market still operating with historically low construction activity. At first glance, it is concerning to see a rise in vacancy and negative absorption, but that is nearly all attributed to the closure of Hudson’s Bay stores across Calgary. This is a major structural shift in the market with the removal of nearly a million square feet of legacy department stores from active operation and creating substantial repositioning opportunities for landlords. If we were to remove the Hudson’s Bay and Nordstrom vacancies from vacancy inventory, Calgary would have seen total retail vacancy drop for a fifth consecutive half, down to 3.4% demonstrating a tight, competitive, and landlord-favoured retail environment. With demand still driving the market, landlords are holding the upper hand, and tenants face significant challenges in securing space and negotiating favourable lease terms. It’s a time when tenants need to be well-prepared, flexible, willing to pre-lease space and pay a premium for the right location or be prepared to move decisively if a second-generation space comes back in a mature centre.

Power centres, community and neighbourhood assets are performing strongly, with vacancies below 3.0%; however, the regional and super regional malls have seen vacancy rates skyrocket with the collapse of Hudson’s Bay. The vacancy rates by quadrant are also skewed heavily by the Hudson’s Bay numbers, with the South Central zone experiencing a large jump to 9.5%. The CBD (11.5%) continues to have the highest vacancy among trade areas. In the suburbs, the coveted South, Southeast and North Central areas all have vacancy rates between 1.0% and 2.0%.

Rental rates across Calgary’s retail subtypes continue to vary significantly based on location and format. Power centres and select urban areas command the highest rents, ranging from the mid \$40s to over \$80 per sq. ft., while neighbourhood and unenclosed community centres sit at more moderate levels in the \$20s and \$30s per sq. ft. Key urban corridors such as 17th Avenue SW and Marda Loop remain strong performers, reflecting sustained demand for walkable, experience-oriented retail locations. Suburban grocery-anchored sites continued to see rapid rental growth last year, with new projects leasing spaces starting at \$50.

Looking ahead to 2026, several trends are expected to shape market performance. Consumers continue to shift toward everyday essentials, and national brand value-based grocery will drive demand and help drive pre-leasing activity for essential services. However, the evolving economic landscape presents notable challenges. The elevated construction costs, rising rental rates, shifting labour dynamics, and compressed profit margins are prompting retailers to adopt more selective site-selection strategies. This will likely result in a focus on fewer, higher-performing locations, reinforcing a trend towards strategic expansion. In 2026, we anticipate a more measured pace of rent growth in the Calgary retail market, a shift from the robust two years we’ve just experienced. Grocery-anchored centers will remain in the highest demand, supported by high occupancy rates and limited new supply.

FIGURE 2: Alberta’s Total Retail Sales (Billions)



Source: Statistics Canada, Q4 2025.

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



Source: CBRE Research, H2 2025.

Construction Update

Construction activity remained historically low throughout 2025, with a modest 233,000 sq. ft. of new supply delivered in H2 2025 as developers continued to delay or phase projects in response to cost pressures and capital constraints. Even so, key completions Munro (55,000 sq. ft.), and Junction at Market and Main (49,000 sq. ft.), and a partial completion of West Springs Landing (~15,000 sq. ft.), have added supply in the highly competitive and growing suburban corridors, while a pipeline of mixed-use and community-oriented projects continued advancing into 2026.

Projects under construction, such as Livingston Commercial, Taza Superstore, Alpine Park and Aspen Village, reflect Calgary’s continued push for retail growth within emerging residential communities, optimizing service offerings where population growth remains robust. Despite constrained new construction, demand for well-located retail space, particularly grocery-anchored and daily-needs formats, remained strong, setting the stage for future absorption once new inventory reaches delivery.

Retail construction, while showing a slight uptick, remains significantly below historical averages, underscoring the need to catch up with the growing demand driven by a large influx of new residents. If we look at the long-term trend line, under construction retail has been drifting downward for years, but we are seeing a slight increase as developers catch up to the services needed for the explosive population growth Calgary has seen over the past five years. Looking further back, over the past decade, Calgary has averaged roughly 1.2 million sq. ft. of retail under construction annually. As of the end of 2025, only 730,000 sq. ft. is under construction, well below this average.

The Calgary retail market is steady and disciplined, with strong fundamentals, limited new supply, and tenants actively competing for the right spaces. Limited construction and strong demand mean increased pricing power for landlords, but tenants will remain cautious and more selective about where they commit, especially when pre-leasing. We’re heading into a period where quality space becomes more valuable, tenant competition increases and rent growth can be maintained even if it’s more measured than we have seen in the last few years.

Evolving consumer buying habits are keeping value-focused grocers like FreshCo, No Frills, and Real Canadian Superstore driving anchor tenant demand. Embraced by the communities they go into as consumers continue to shift toward everyday essentials and value-focused buying habits. These anchors will require clear proof of strong residential density both today and in the near future before committing to a development, which makes securing one of these anchors a longer process. We can confidently say that they are not only in lower-income areas but are being embraced by all demographics and income levels throughout the city.

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
Belmont Village Shopping Centre	Luxuria Homes	45,000
Homestead	Partners	40,000
Aspen Village	Vesta Properties	31,000
The Sentinel	Arlington Street	28,000
Lewisburg	Truman Development	25,000
Southpoint Plaza	Private	24,000
Gallery: First and Tenth	Brookfield Residential	22,000

Source: CBRE Research, H2 2025.

FIGURE 5: H2 2025 Notable Completions

Property Name	Developer	Completed (SF)
Munro (Partial Completion)	Royop	55,000
Seton Market Street Phase I (Junction at Market and Main)	Brookfield	49,000
Sage Hill	Certus Developments Inc.	40,000
West Springs Landing (Partial Completion)	Jomaa Developments	15,000
Bow City Storage	Bow City GP	15,000
Truman HQ	Truman Development	15,000
Radio Block	Truman Development	14,000
The Nines	Opus Corporation	14,000
The Plaza (Partial Completion)	Truman Development	13,000
4th Street Lofts	Western Securities	4,000

Source: CBRE Research, H2 2025.

FIGURE 6: Retail Statistics by Retail Type

Retail Type	Vacancy Rate (%)
Downtown Streetfront	10.4%
Beltline Streetfront	6.9%
Small Retail	4.7%
Downtown Shopping Centre	17.6%
Streetfront	8.9%
Neighbourhood Shopping Centre	1.6%
Community Shopping Centre	2.6%
Regional Shopping Centre	15.8%
Power Centre	1.4%
Super Regional Shopping Centre	36.7%
Total	5.9%

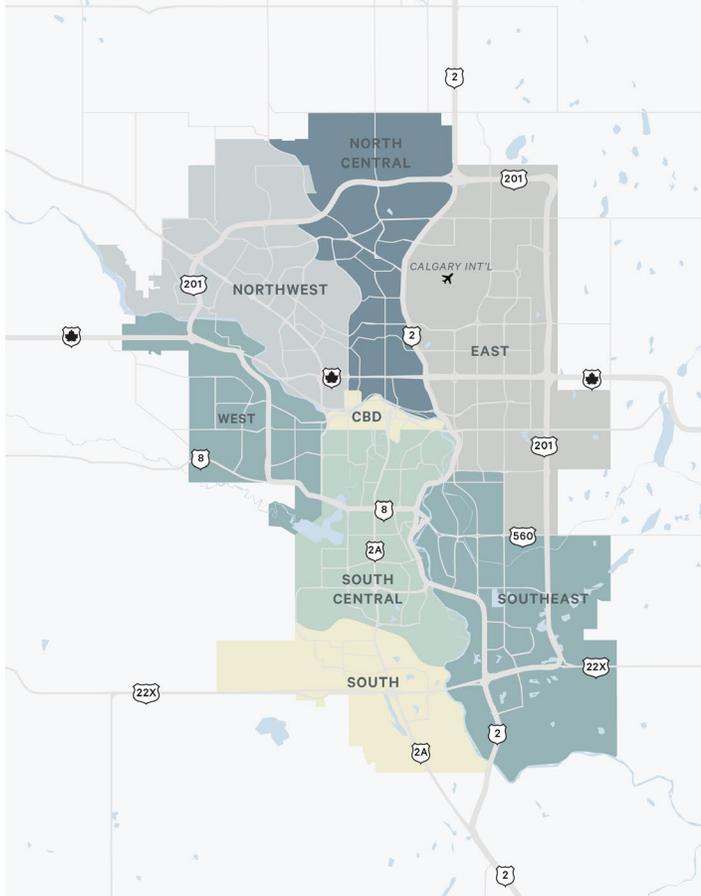
Source: CBRE Research, H2 2025.

FIGURE 7: Retail Statistics by Trade Area

Trade Area	Vacancy Rate (%)
Central Business District	11.5%
East	5.2%
North Central	1.3%
Northwest	4.3%
South Central	9.5%
Southeast	1.8%
South	1.5%
West	3.7%
Total	5.9%

Source: CBRE Research, H2 2025.

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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