Major transactions shape suburban market in Q2 2026

▼ 16.0%
Vacancy Rate

▼ 271K
SF Net Absorption

▶ 0K
SF New Supply

▼ $16.64
PSF Net Asking Rate

Note: Arrows indicate change from previous quarter.

Market Summary

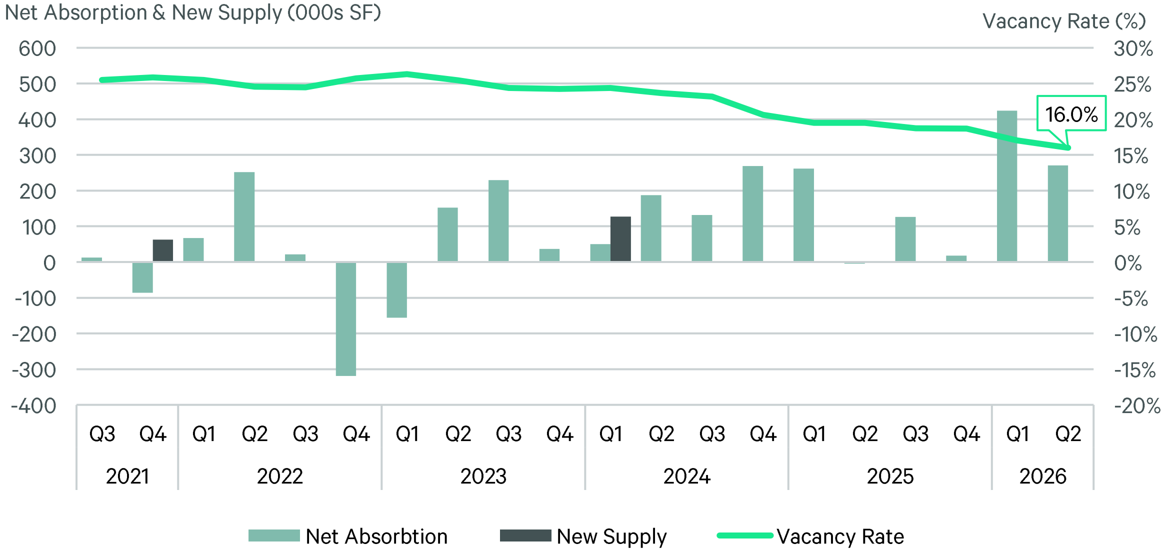
– The suburban market continued to build off a strong Q1 in Q2 with a vacancy decrease of 100 basis points (bps). The 694,000 sq. ft. of net absorption so far this year is the strongest first two quarters of net absorption ever seen in the suburban market.

– Suburban demand for office space is catching up to the high levels of population growth Alberta has experienced in the last several years. The market is quietly at its strongest in a decade and has experienced positive net absorption in 12 of the last 13 quarters.

– Q2 2026 was highlighted by a new 160,000 sq. ft. lease by Kiewit Corporation at 505 Quarry Park Boulevard SE, the largest suburban office deal in the Calgary market since 2018.

– The South submarket has experienced the largest net absorption in Q2 2026, with 176,000 sq. ft. and all other submarkets except for the Beltline recorded positive net absorption and decreased vacancy rates.

FIGURE 1: Suburban Office Market Fundamentals



Source: CBRE Research, Q2 2026.

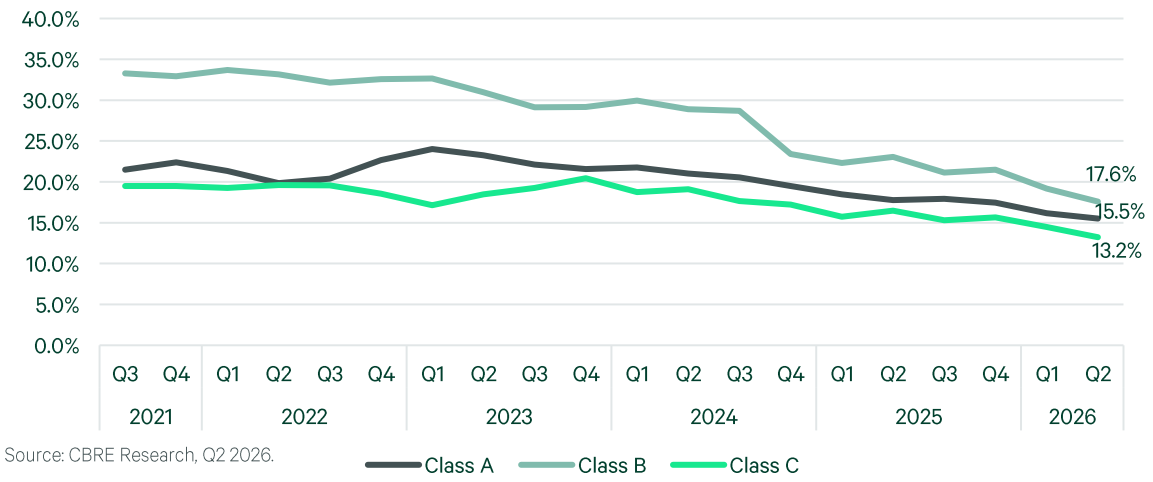
Market fundamentals

Q2 2026 continued to build off the momentum established by the office market in Q1, with a strong quarter of net absorption totaling 271,000 sq. ft. With year-to-date net absorption of 694,000 sq. ft., the suburban market is on pace to have the highest net absorption since 2008. Vacancy also dropped to its lowest point since Q1 2015 with a decrease of 100 bps to sit at 16.0%. For the second consecutive quarter, Class B space led all classes in performance with 143,000 sq. ft. of net absorption and a vacancy rate of 17.6%, the lowest since Q4 2016. Class A space still recorded a strong quarter, with 90,000 sq. ft. of net absorption and a 70 bps decrease of vacancy to 15.5%. Class C space almost replicated the 36,000 sq. ft. of net absorption recorded in Q1 2026, with 38,000 sq. ft. in Q2, indicating demand is holding steady. The vacancy rate decreased by 130 bps to 13.2%, the lowest since Q2 2009.

Suburban market shift

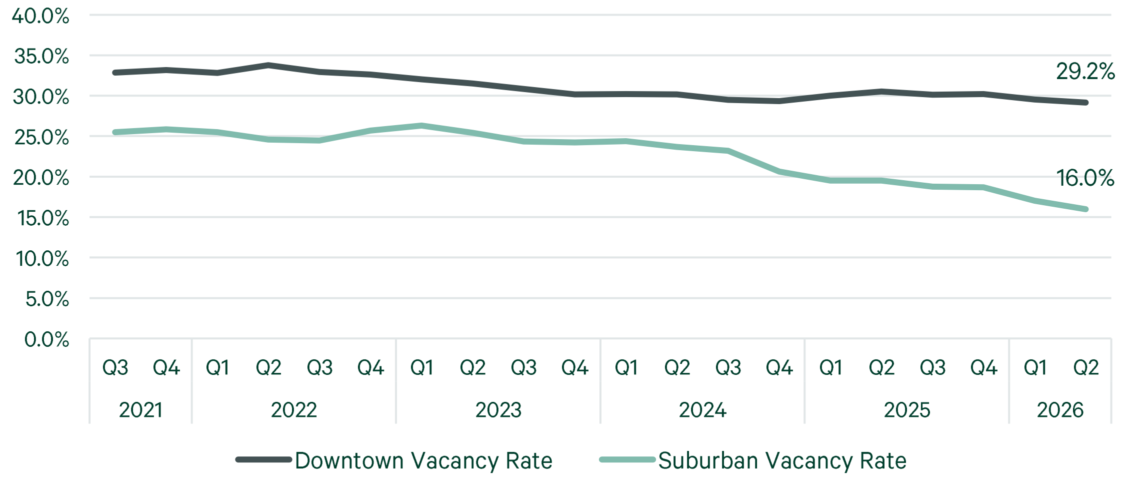
While downtown Calgary's office market navigates high vacancy rates, the significant and sustained strengthening of the suburban office market has largely gone under the radar. This thriving segment has not seen any notable amount of new supply or experienced major negative shocks, leading to a consistent decrease in its vacancy rate to levels not recorded since 2015. Several factors are fueling this robust performance. Alberta has experienced substantial population growth, especially in 2023 and 2024, with Calgary leading major Canadian cities in this regard. This influx of residents has significantly bolstered market demand, particularly benefiting suburban areas as population-driven needs in sectors such as residential and educational services expand, as well as in education, healthcare, and childcare. Large occupiers are continuing their initiatives to return employees to the office. This trend, coupled with the overall population growth, is contributing to increased demand for office space. Companies are finding suburban locations increasingly appealing due to factors such as more flexible layouts, better parking, and potentially lower overall occupancy costs, which accommodate these growing in-office requirements. The suburban market's diverse mix of tenants, including healthcare, professional services, technology, and construction groups, provides a stable foundation for continued growth.

FIGURE 2: Vacancy Rate by Building Class



Source: CBRE Research, Q2 2026.

FIGURE 3: Suburban vs Downtown Vacancy (%)



Source: CBRE Research, Q2 2026.

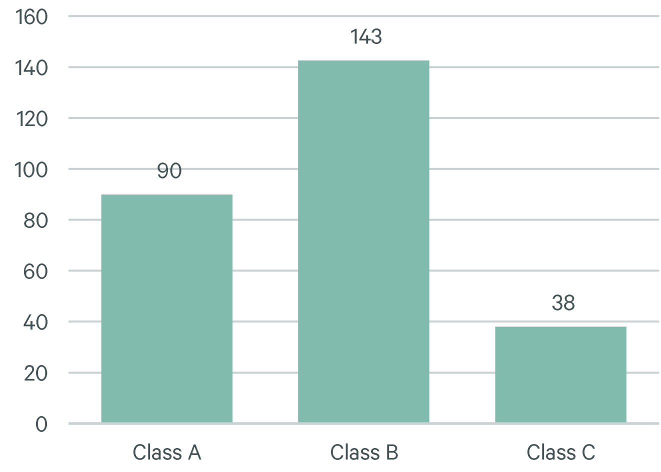
Major transactions shaping the market

The suburban market recorded its largest transaction since 2018 with Kiewit Corporation leasing 160,000 sq. ft. at 505 Quarry Park Boulevard SE. Another major transaction was the Government of Alberta leasing 69,000 sq. ft. of space to expand its footprint in Southland Park II. These two deals were the major drivers of total net absorption in Q2 2026.

Submarkets

The South submarket recorded the largest net absorption of all submarkets with 176,000 sq. ft. in Q2 2026. This is largely due to the Kiewit and the Government of Alberta deal. This is the largest quarterly net absorption recorded in the South since Q4 2018, and the vacancy rate of 17.2% is the lowest recorded since Q4 2014. The South Central also recorded a strong quarter with 112,000 sq. ft. of net absorption and a decrease of 240 bps to have vacancy sit at 12.0%. This is the lowest vacancy in the south since Q3 2014 and the highest quarterly absorption since Q4 2018. The Northeast and Northwest recorded moderately positive quarters with 11,000 sq. ft. and 6,000 sq. ft. of net absorption, respectively. After three consecutive quarters of positive net absorption, the Beltline recorded negative 35,000 sq. ft. of net absorption and a vacancy increase of 60 bps in Q2 2026.

FIGURE 4: Quarterly Suburban Net Absorption by Building Class (000s SF)



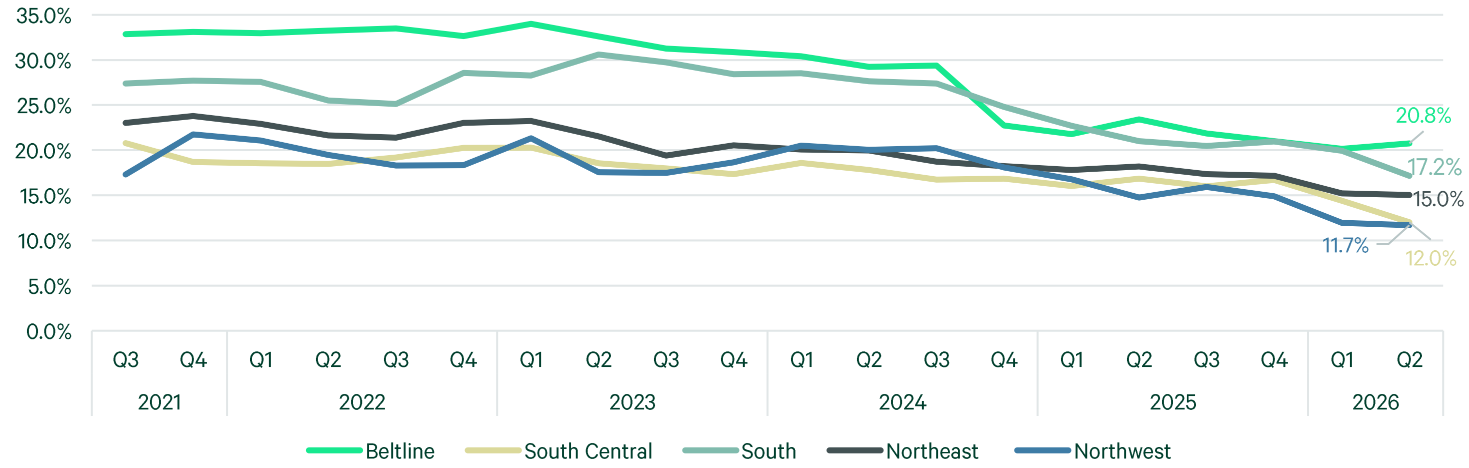
Source: CBRE Research, Q2 2026.

FIGURE 5: Q2 2026 Suburban Top Transactions

Size (SF)	Tenant	Building Name
160,000	Kiewit Corporation	505 Quarry Park Blvd SE
69,000	Government of Alberta	Southland Park II
43,000	Alberta Ukraine Academy	902 11 Avenue SW
23,000	Farm Credit Canada	Harvest Hill Office Park – Building B

Source: CBRE Research, Q2 2026.

FIGURE 6: Vacancy Rate by Submarket (%)



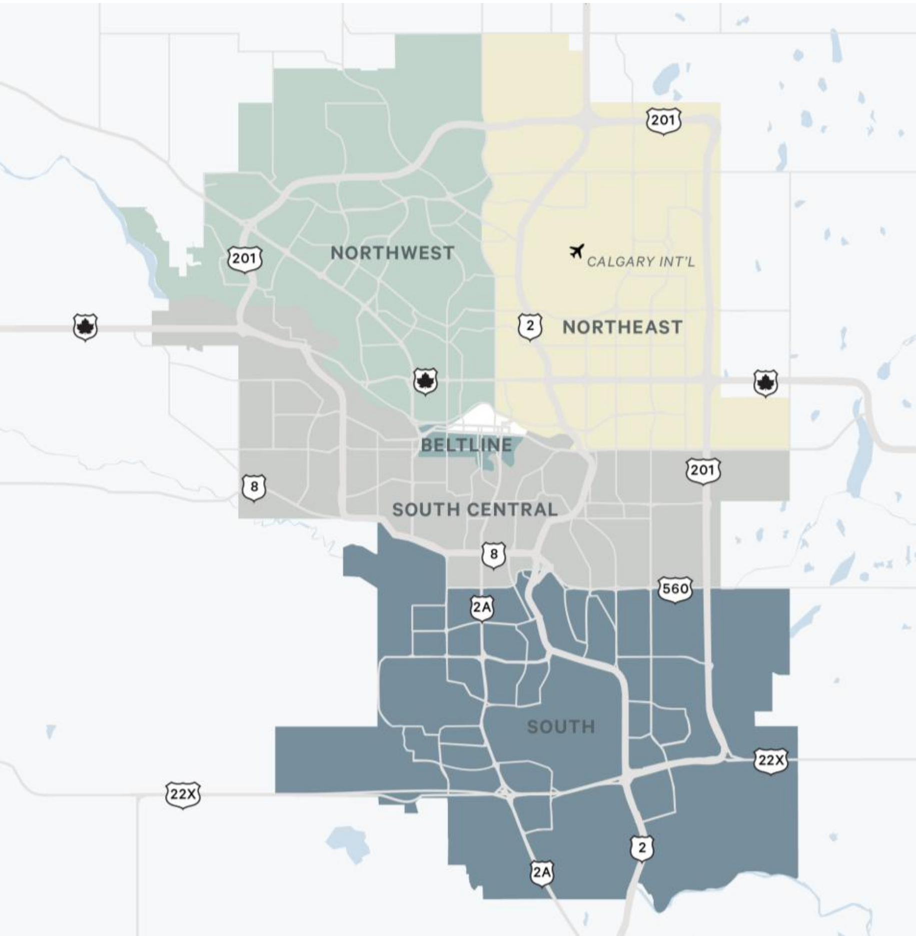
Source: CBRE Research, Q2 2026.

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	531,254	19.8%	-86,824	224,273	0
	B	2,627,503	560,658	21.3%	49,144	54,997	0
	C	404,066	94,827	23.5%	3,021	8,834	0
Beltline Total		**5,716,858**	**1,186,739**	**20.8%**	**-34,659**	**288,104**	**0**
South Central	A	2,355,816	209,501	8.9%	74,203	10,837	0
	B	1,596,674	211,241	13.2%	7,875	10,213	0
	C	774,890	147,440	19.0%	29,992	0	0
South Central Total		**4,727,380**	**568,182**	**12.0%**	**112,070**	**21,050**	**0**
South	A	4,508,041	711,345	15.8%	125,730	16,615	0
	B	1,539,889	365,250	23.7%	48,080	29,600	0
	C	315,351	15,483	4.9%	2,258	0	0
South Total		**6,363,281**	**1,092,078**	**17.2%**	**176,068**	**46,215**	**0**
Northeast	A	2,693,928	507,361	18.8%	-22,132	121,742	20,688
	B	2,560,603	346,333	13.5%	38,638	23,109	0
	C	1,271,701	128,030	10.1%	-5,570	899	0
Northeast Total		**6,526,232**	**981,724**	**15.0%**	**10,936**	**145,750**	**20,688**
Northwest	A	1,344,907	148,642	11.1%	-1,035	37,964	0
	B	739,853	110,949	15.0%	-1,086	2,583	0
	C	270,286	15,824	5.9%	8,349	1,985	0
Northwest Total		**2,355,046**	**275,415**	**11.7%**	**6,228**	**42,532**	**0**
Suburban Total		**25,688,797**	**4,104,138**	**16.0%**	**270,643**	**543,651**	**20,688**

Source: CBRE Research, Q2 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.

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