

Suburban market vacancy rate reaches lowest level since 2014

▼ 15.0%
Vacancy Rate

▼ 241K
SF Net Absorption

► 0K
SF New Supply

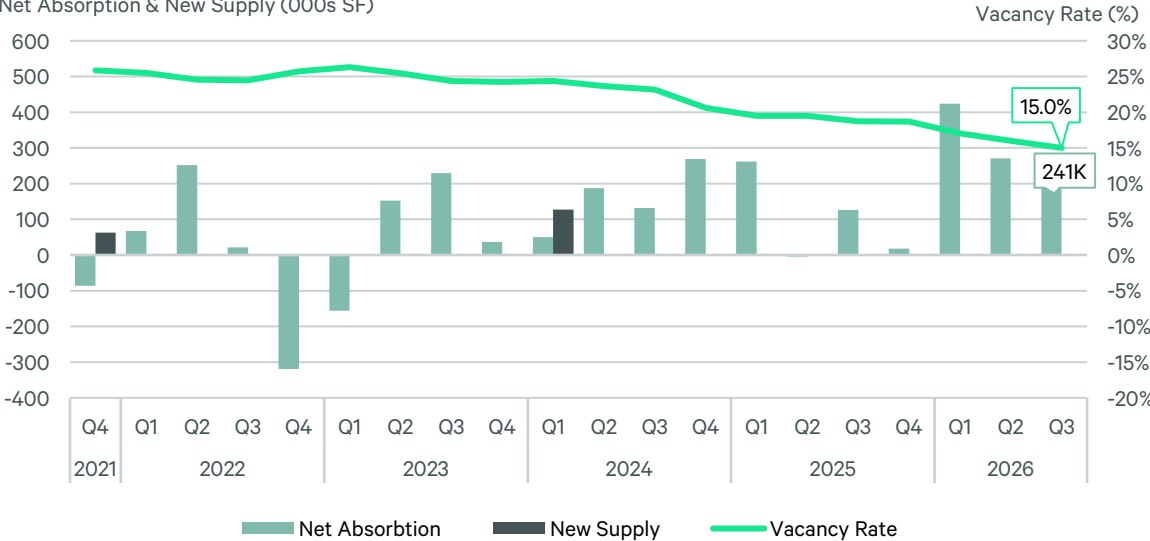
▲ \$16.85
PSF Net Asking Rate

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

- The suburban market maintained its strong momentum in Q3 2026 with a vacancy decrease of 100 basis points (bps). The year-to-date net absorption of 935,000 sq. ft. puts the market on pace for one of the strongest years of growth ever recorded.
- Growth was driven primarily by small and mid-sized transactions in Q3 2026. Options under 5,000 sq. ft. remain the most in demand, with available options in this size range falling by 19.5% year-over-year.
- Q3 2026 saw the completion of the conversion of Joffre Place’s from office to residential use, with rental suites now available for occupancy. The building is the first conversion to be completed in the Beltline as part of the City’s Downtown Office Conversions program.
- All submarkets experienced positive net absorption in Q3 2026 except for the South Central submarket. The Northeast experienced the largest positive net absorption of all submarkets at 99,000 sq. ft.

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



Source: CBRE Research, Q3 2026.

Market fundamentals

Q3 2026 marked another strong quarter for the suburban office market, extending the momentum established during the first half of the year. The market recorded 241,000 sq. ft. of net absorption during the quarter, bringing year-to-date net absorption to 935,000 sq. ft. Based on current momentum, 2026 is on pace to be one of the strongest years of growth ever seen in the suburban office market. The vacancy rate declined by 100 bps to 15.0%, its lowest level since Q4 2014. Class B inventory continued to outperform, recording 137,000 sq. ft. of net absorption, marking the third consecutive quarter in which these assets recorded the highest net absorption. In comparison, Class A and Class C saw 79,000 and 25,000 sq. ft. of net absorption, respectively. Vacancy rates declined across all three property classes. Class A vacancy decreased by 60 bps to 14.9%, while Class B declined by 150 bps points to 16.1%, and Class C vacancy fell by 80 bps points to 12.4%, its lowest level since Q2 2009.

Leasing shaped by small and mid-sized transactions

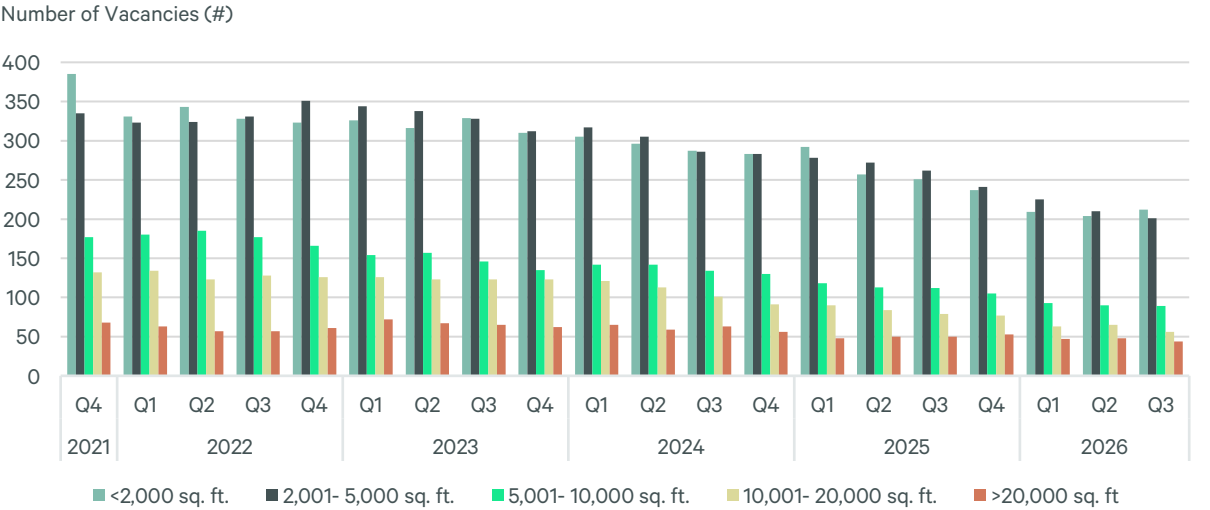
Unlike Q2 2026, which was significantly influenced by a few notable large transactions, activity in Q3 2026 returned to momentum being driven primarily by small and mid-sized deals. The most active size ranges in Q3 2026 were units between 2,001-5,000 sq. ft. and 10,001-20,000 sq. ft., with total available options falling by nine units in each category. Over the past year, the 2,001-5,000 sq. ft. segment recorded the highest level of activity, with available inventory declining by 61 units, or 23.3%. The next most active segment was units smaller than 2,000 sq. ft., where availability declined by 39 units, or 15.5%. Collectively, these trends indicate that demand is concentrated in smaller configurations, while larger transactions remain less frequent and more dependent on individual occupier requirements. Current build-outs in the suburban market remain well equipped to handle this demand, with 68.6% of total available options being available in units smaller than 5,000 sq. ft.

FIGURE 2: Vacancy Rate by Building Class



Source: CBRE Research, Q3 2026.

FIGURE 3: Suburban Vacancies (#) by Block Size (Sq. Ft.)



Source: CBRE Research, Q3 2026.

Beltline office conversions

Q3 2026 saw the completion of Joffre Place’s office to residential conversion, with rental suites now available for occupancy. The building is the first conversion to be complete in the Beltline as part of the City’s Downtown Office Conversions program. While the downtown core has already successfully leveraged this adaptive reuse model to compress vacancy rates and expand housing density, Joffre Place serves as the first critical proof of concept for the Beltline. Should additional projects be removed from inventory for conversion, it would help further reduce the Beltline’s suburban-high vacancy rate of 19.1%.

Submarkets

Nearly all submarkets recorded positive net absorption in Q3 2026, with the South Central submarket being the only exception. Notably, the Beltline saw 94,000 sq. ft. of net absorption and now has a vacancy rate of 19.1%, its lowest since Q4 2015. The South recorded 75,000 sq. ft. of net absorption in Q3 2026 to have its third consecutive quarter of growth and a vacancy decrease of 120 bps to 16.0%. The Northeast recorded the largest net absorption of any submarket with 99,000 sq. ft. largely due to the removal of two floors from the sublease market at Meredith Block, which accounted for over 50,000 sq. ft. of net absorption. The South Central experienced its first negative of net absorption quarter since Q4 2025, posting a loss of 28,000 sq. ft. and a vacancy increase of 60 bps to 12.6%.

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



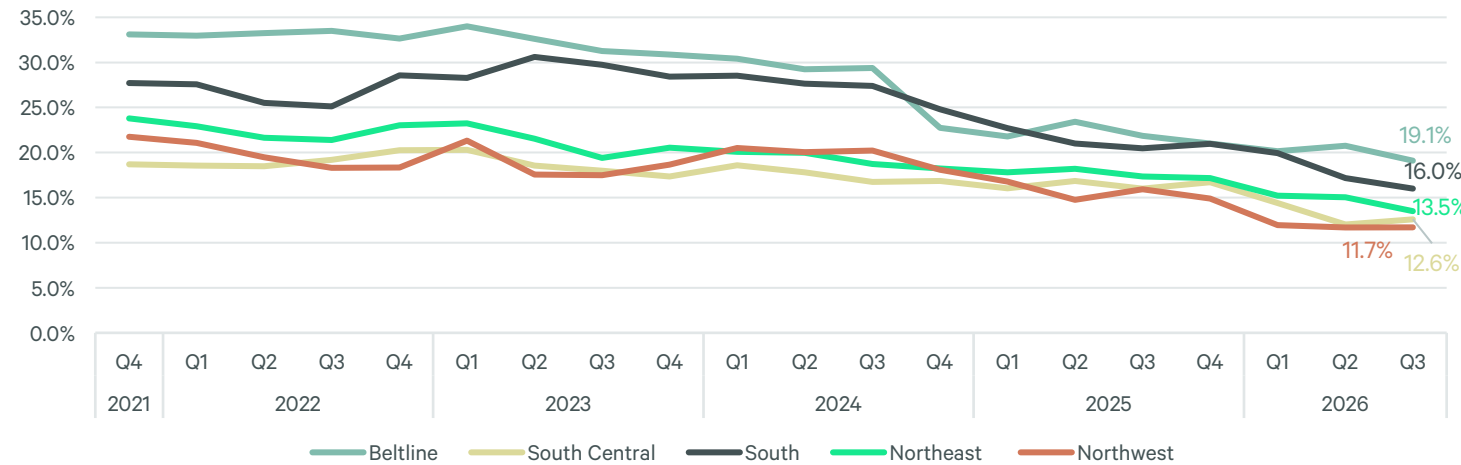
Source: CBRE Research, Q3 2026.

FIGURE 5: Q3 2026 Suburban Top Transactions

Size (SF)	Tenant	Building Name
53,000	Worley Limited	205 Quarry Park Blvd SE
45,000	Associated Engineering Alberta Ltd.	600 Crowfoot Crescent NW
12,000	St. Johns Ambulance	1120 68 Avenue NE

Source: CBRE Research, Q3 2026.

FIGURE 6: Vacancy Rate by Submarket (%)



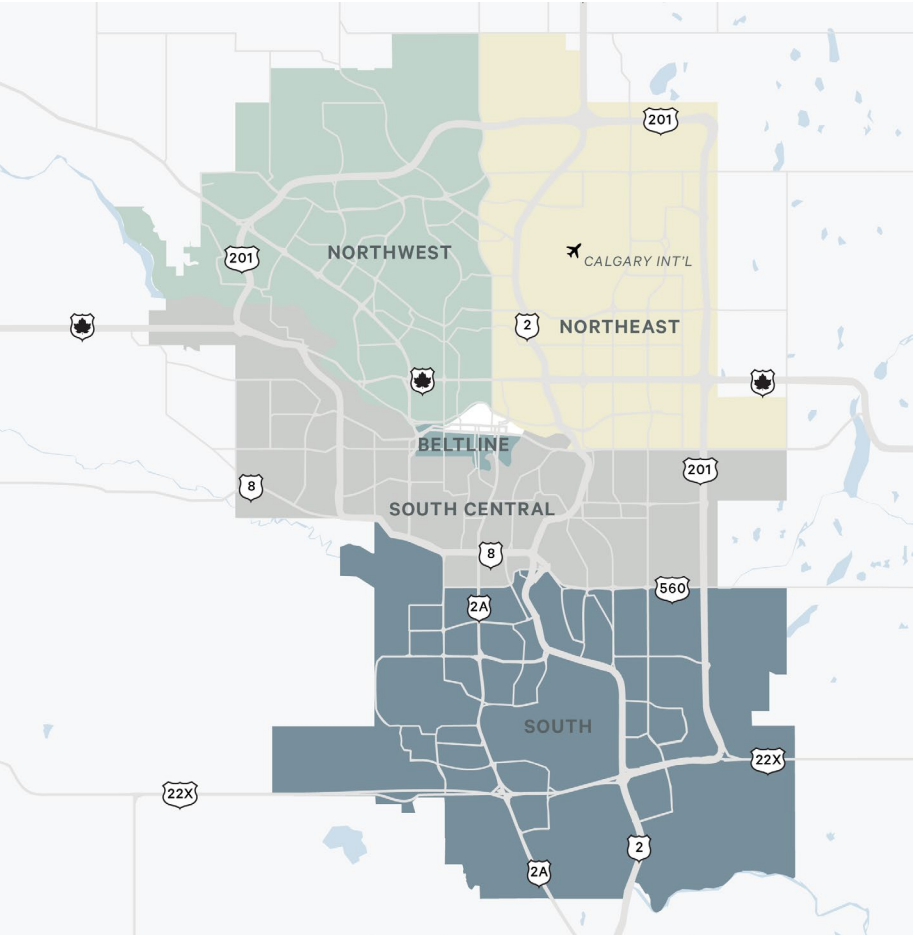
Source: CBRE Research, Q3 2026.

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	504,387	18.8%	26,867	217,762	0
	B	2,627,503	501,445	19.1%	59,213	39,651	0
	C	404,066	86,818	21.5%	8,009	6,913	0
	Beltline Total	5,716,858	1,092,650	19.1%	94,089	264,326	0
South Central	A	2,355,816	275,093	11.7%	-65,592	20,574	0
	B	1,596,626	182,247	11.4%	28,994	5,402	0
	C	774,890	138,566	17.9%	8,874	0	0
	South Central Total	4,727,332	595,906	12.6%	-27,724	25,976	0
South	A	4,508,041	660,257	14.6%	51,088	15,643	0
	B	1,539,889	345,743	22.5%	19,507	0	0
	C	315,351	10,969	3.5%	4,514	0	0
	South Total	6,363,281	1,016,969	16.0%	75,109	15,643	0
Northeast	A	2,693,928	455,023	16.9%	52,338	74,145	20,688
	B	2,560,603	312,260	12.2%	34,073	23,109	0
	C	1,271,701	115,352	9.1%	12,678	0	0
	Northeast Total	6,526,232	882,635	13.5%	99,089	97,254	20,688
Northwest	A	1,344,907	133,846	10.0%	14,796	34,464	0
	B	739,853	116,209	15.7%	-5,260	2,583	0
	C	270,286	25,260	9.3%	-9,436	1,985	0
	Northwest Total	2,355,046	275,315	11.7%	100	39,032	0
Suburban Total		25,688,749	3,863,475	15.0%	240,663	442,231	20,688

Source: CBRE Research, Q3 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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