CBRE

Suburban market ends strong year on a moderate pace

▶ 18.7%
Vacancy Rate

▼ 18K
SF Net Absorption

▶ 0K
SF New Supply

▼ $16.64
PSF Net Asking Rate

Note: Arrows indicate change from previous quarter.

Market Summary

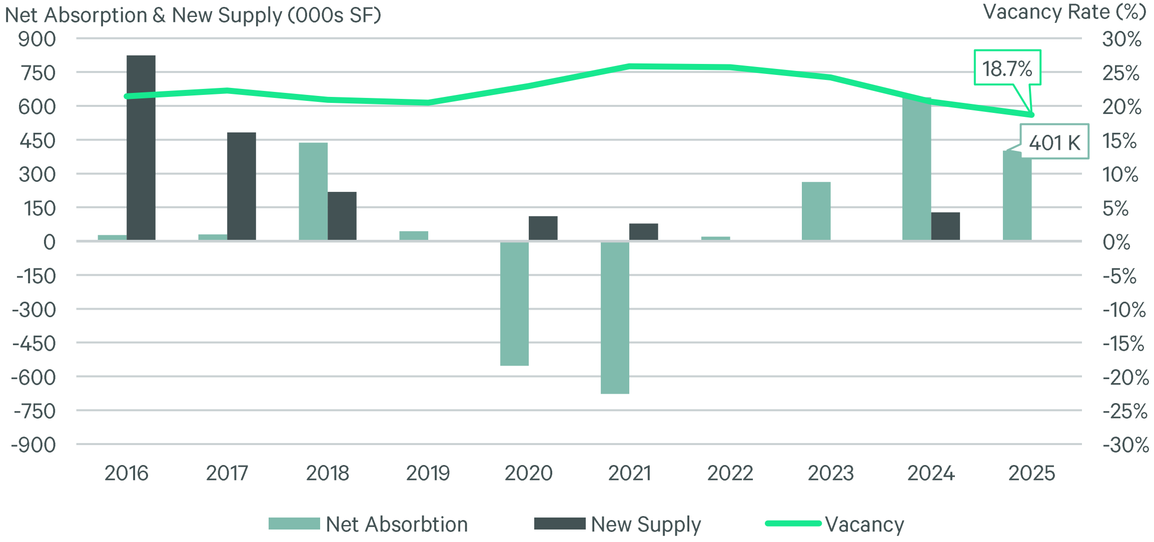
– The suburban market showed continued strength in 2025, despite a slightly slower fourth quarter. While all classes finished the year with positive net absorption, Class A space continues to perform the strongest, accounting for 67.8% of all net absorption in 2025.

– Calgary's Downtown Development Incentive Program announced nine more office-to-residential conversions receiving funding, including three in the Beltline, which are the first projects outside of the Downtown Core to receive City incentives.

– In Q4 2025, the Beltline led with the most net absorption, reducing vacancy to 21.0%. Despite a slower quarter, the South finished as the submarket with the highest annual net absorption, finishing at 263,000 sq. ft.

– Total sublease space increased by 58.3% in 2025 to 574,000 sq. ft. Despite this, sublease vacancy currently sits at only 2.2%, which is the second lowest year-end rate in the past decade.

FIGURE 1: Suburban Office Market Fundamentals



Source: CBRE Research, Q4 2025.

Market fundamentals

Growth slowed in Q4 2025, finishing with 18,000 sq. ft. of quarterly net absorption. However, the suburban market had another strong year overall in 2025, achieving 401,000 sq. ft. of net absorption, reflecting its ongoing strength, tenant diversity and comparative detachment from the Downtown office market. The suburban market marked its fourth consecutive year of positive net absorption, totalling 1.3 million sq. ft. over that period. In 2025, the suburban vacancy rate declined by 190 basis points (bps) from 20.6% to 18.7%.

In Q4 2025, Class A space recorded the highest net absorption of all classes, with 64,000 sq. ft. Class A vacancy decreased by 40 bps to 17.5%, the lowest it has been since Q1 2015. Both Class B and C recorded negative net absorption in Q4 2025, with negative 35,000 sq. ft. and negative 11,000 sq. ft., respectively. Class B vacancy rate increased by 40 bps to 21.5%, while Class C vacancy also increased 40 bps to 15.7%. This trend continues to show the strength of the Class A asset and remains tenants' preferred choice of space due to several factors, including modern amenities and higher-quality construction.

Building conversions

In Q4 2025, the City of Calgary announced nine additional office-to-residential conversions as part of the Downtown Development Incentive Program, with three located in the Beltline in Joffre Place, Beltline Block (building one), and Epique House. This marks the first time that these incentives have been provided for buildings outside of the Downtown Core. This reduction of inventory, along with increased leasing activity, have been significant factors in decreasing the vacancy rate in the Beltline. From 2023-2025, 705,000 sq. ft. of space has been removed from the Beltline inventory for conversion or demolition. Since peaking in Q3 2022 at 33.5%, Beltline vacancy rates have now fallen by 1250 bps down to 21.0% in Q4 2025.

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

Source: CBRE Research, Q4 2025.

FIGURE 3: Q4 2025 Suburban Top Transactions

Size (SF)	Tenant	Building Name
32,000	United Way Calgary	919 11 Avenue SW
31,000	United States Consulate	919 11 Avenue SW
16,000	Royop Development	District @ Beltline Building B

Source: CBRE Research, Q4 2025.

FIGURE 4: Vacancy Rate by Class (%)

Source: CBRE Research, Q4 2025.

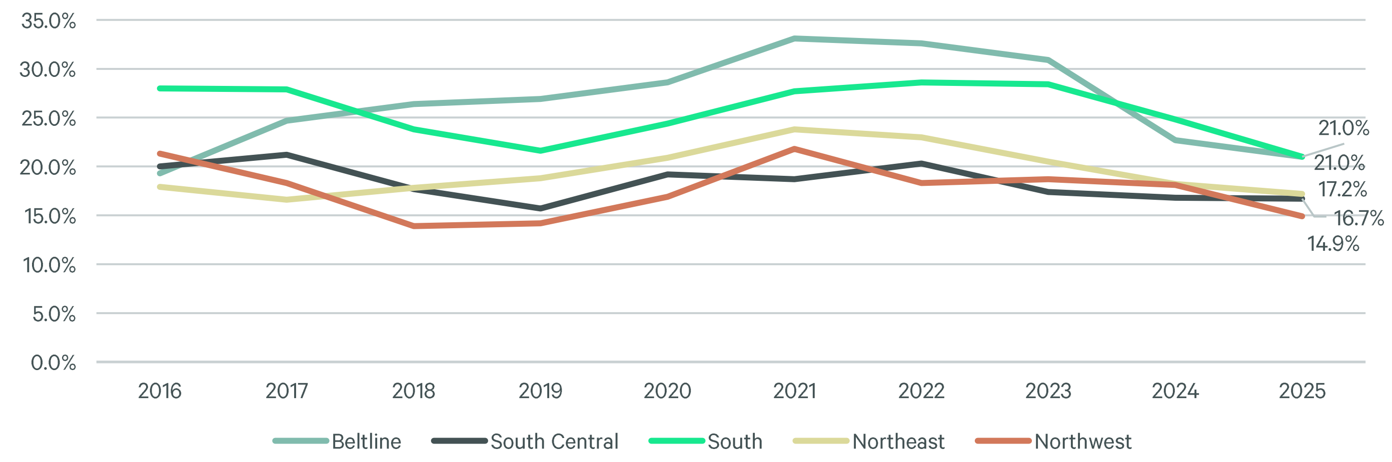
Submarkets

The Beltline recorded the highest net absorption of any submarket in Q4 2025, with 49,000 sq. ft. of net absorption, driven by a few significant transactions. The Northwest and Northeast both finished with a marginal amount of positive net absorption in Q4 2025, while the South and South Central both finished with marginally negative net absorption. Despite this, all submarkets saw positive net absorption and declining vacancy overall in 2025. Most notable was the South, which recorded 263,000 sq. ft. due to increased demand from larger users, particularly in Quarry Park.

Sublease Space

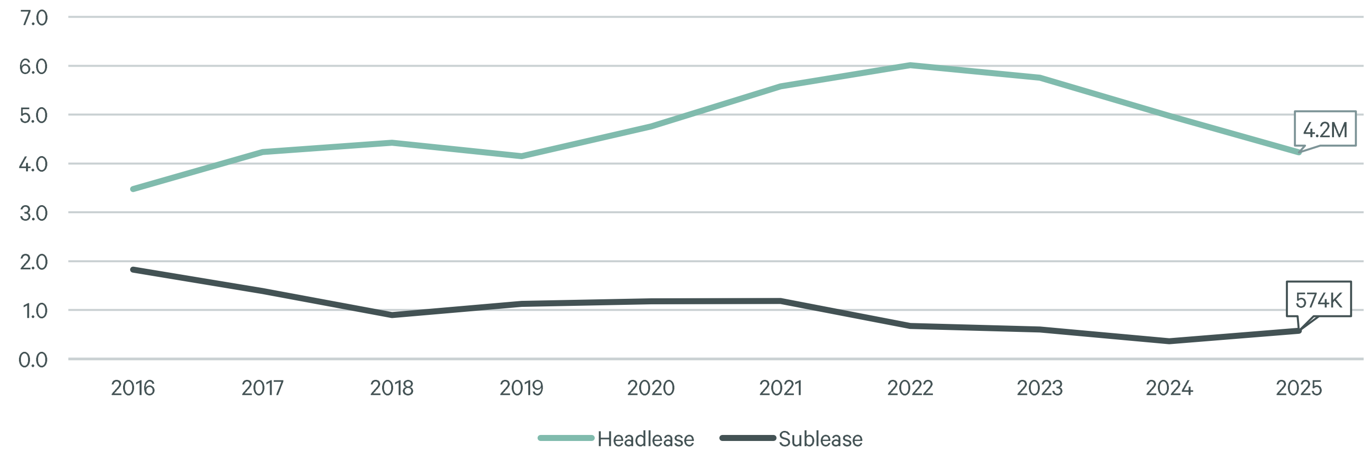
Total sublease space increased by 58.3% in 2025 to 574,000 sq. ft. Sublease vacancy now makes up 12.0% of all vacancy in the suburbs. With an economy that has experienced turmoil and changes recently, the direction of this metric remains a key indicator going forward. However, despite this sublease vacancy currently sits at only 2.2% overall, which is the second lowest year-end rate in the past decade. This remains a stark contrast to downtown Calgary, where the sublease vacancy sits at 5.3% as of the end of 2025.

FIGURE 5: Vacancy Rate by Submarket (%)



Source: CBRE Research, Q4 2025.

FIGURE 6: Suburban Headlease and Sublease Vacancy (MSF)



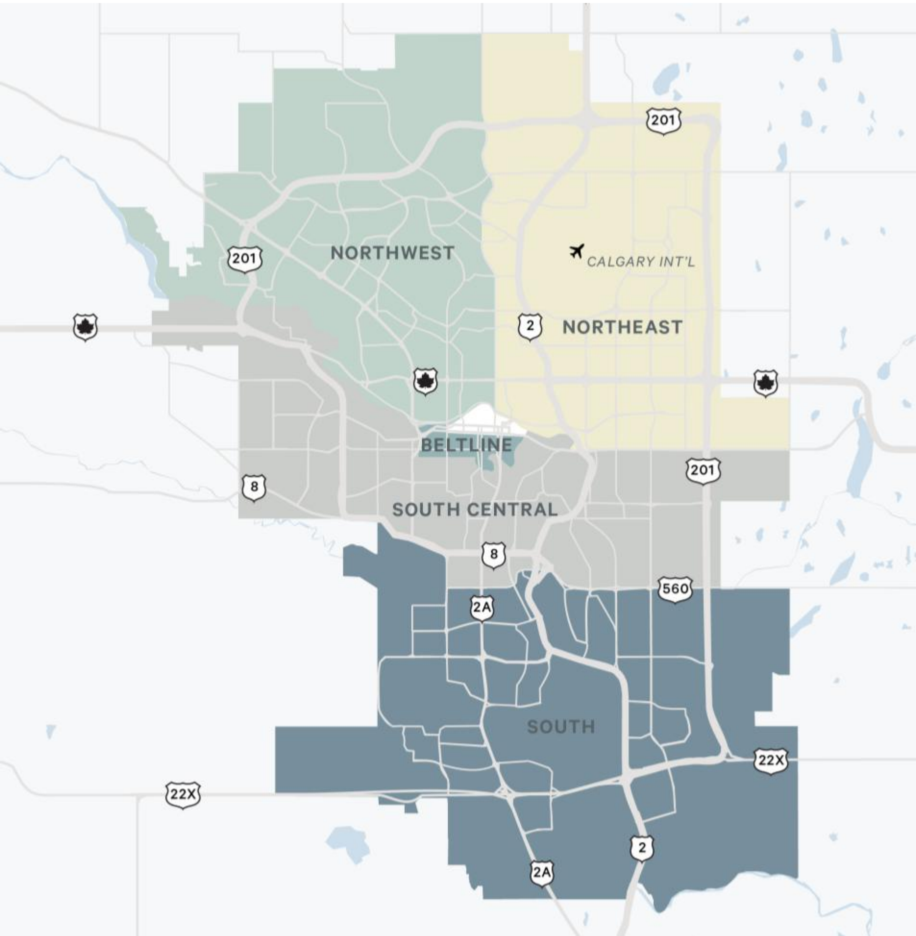
Source: CBRE Research, Q4 2025.

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	471,368	17.6%	19,330	190,300	0
	B	2,627,503	632,771	24.1%	28,921	62,983	0
	C	404,066	96,391	23.9%	506	8,834	0
Beltline Total		**5,716,858**	**1,200,530**	**21.0%**	**48,757**	**262,117**	**0**
South Central	A	2,355,816	341,584	14.5%	4,880	15,714	0
	B	1,603,358	267,045	16.7%	-20,698	14,254	0
	C	774,890	181,566	23.4%	-16,652	21,590	0
South Central Total		**4,734,064**	**790,195**	**16.7%**	**-32,470**	**51,558**	**0**
South	A	4,508,041	887,369	19.7%	36,574	24,846	0
	B	1,539,889	421,312	27.4%	-71,422	98,903	0
	C	315,351	26,318	8.3%	1,667	0	0
South Total		**6,363,281**	**1,334,999**	**21.0%**	**-33,181**	**123,749**	**0**
Northeast	A	2,693,928	505,332	18.8%	-8,805	69,040	20,688
	B	2,560,603	496,233	19.4%	17,454	26,301	0
	C	1,271,701	119,944	9.4%	2,632	899	0
Northeast Total		**6,526,232**	**1,121,509**	**17.2%**	**11,281**	**96,240**	**20,688**
Northwest	A	1,344,907	165,647	12.3%	12,032	28,298	0
	B	739,853	134,068	18.1%	10,435	9,719	0
	C	270,286	51,509	19.1%	1,129	1,985	0
Northwest Total		**2,355,046**	**351,224**	**14.9%**	**23,596**	**40,002**	**0**
Suburban Total		**25,695,481**	**4,798,457**	**18.7%**	**17,983**	**573,666**	**20,688**

Source: CBRE Research, Q4 2025.

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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