



SPRING 2026

CALGARY | ALBERTA

MARKET REPORT

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DOWNTOWN OFFICE TRENDS

Vacancy Rate	↑	27.60%
Mkt Asking Rental Rates (PSF)	↔	\$37.95

BELTLINE OFFICE TRENDS

Vacancy Rate	↑	15.6%
Asking Rental Rates (PSF)	↑	\$34.50

SUBURBAN OFFICE TRENDS

Vacancy Rate	↔	17.8%
Asking Rental Rates (PSF)	↑	\$16.67

MULTI-FAMILY TRENDS

Vacancy Rate (Q1)	↑	8.0%
Asking Rental Rates (PSF) (Q1)	↔	\$2.41

INDUSTRIAL TRENDS

SQ FT Net Absorption (Q1)		-200,477
Vacancy Rate (Q3)	↓	4.50%
Mkt Asking Rental Rates (PSF) (Q1)	↑	\$12.87
SQ FT Delivered to Market (YTD)		319,025
SQ FT Under Construction		1,327,514

RETAIL TRENDS

SQ FT Net Absorption (Q1)		79,170
Vacancy Rate (Q1)	↓	2.62%
Mkt Asking Rental Rates (PSF) (Q1)	↑	\$30.83
SQ FT Delivered to Market (YTD)		113,606
SQ FT Under Construction		1,294,233

ALBERTA MACRO-ECONOMIC OVERVIEW

Alberta's economy has transitioned into a period of moderate growth in early 2026, with real GDP estimated at approximately 2.7%, outperforming the national average of 1.3%. Economic activity remains supported by stable energy production, though higher borrowing costs and ongoing global uncertainty continue to weigh on business investment and consumer spending. Population growth remains a key driver, increasing by approximately 1.3% annually, led by both international and interprovincial migration. This sustained population expansion continues to support demand across housing, retail, and service sectors, reinforcing underlying commercial real estate fundamentals.

ENERGY SECTOR STABILITY AND INVESTMENT TRENDS

The energy sector continues to anchor Alberta's economy, with oil production reaching record levels of approximately 4.2 million barrels per day, reflecting year-over-year growth. The full utilization of the Trans Mountain Expansion has enhanced export capacity, improved pricing differentials, and strengthened market access for Canadian crude. While energy transition initiatives, including carbon capture projects advanced by Pathways Alliance, remain in progress, the broader focus has shifted toward energy security and reliability. These conditions continue to support demand for industrial space, logistics infrastructure, and energy-related services.

MONETARY POLICY AND CAPITAL MARKETS

The Bank of Canada has maintained its policy rate at 2.25% into 2026 following a series of reductions in 2025. Inflation has moderated toward the 2% target, though remains uneven across key cost drivers. Labour market conditions have softened modestly, with unemployment trending higher, reflecting slower hiring activity. This sustained higher-rate environment continues to temper transaction volume and development activity, particularly for larger or more capital-intensive projects. However, well-located, income-producing assets—particularly within the industrial sector—continue to attract investor interest.

DEVELOPMENT CONSTRAINTS AND SUPPLY DYNAMICS

Construction activity remains constrained by elevated costs and ongoing labour shortages, limiting the pace of new development. Despite some improvement in financing conditions, many projects continue to face delays or phased implementation. As a result, new supply remains limited, supporting occupancy levels and rental rate stability across key asset classes, particularly within industrial and necessity-based retail segments.

GLOBAL TRADE AND ECONOMIC UNCERTAINTY

Global economic conditions remain a source of uncertainty, with slower growth expectations, geopolitical tensions, and evolving trade dynamics influencing commodity markets and business confidence. While the United States remains Alberta's primary trading partner, ongoing efforts to diversify into emerging sectors, including critical minerals, continue to strengthen the province's economic base. These trends support long-term resilience while reinforcing demand for specialized commercial real estate.

CONCLUSION

Alberta enters mid-2026 with stable economic fundamentals supported by population growth, a resilient energy sector, and constrained supply conditions. While risks remain—including interest rate uncertainty and global volatility—the current environment reflects moderation rather than contraction. For commercial real estate, this is translating into steady demand, disciplined development activity, and continued investor focus on high-quality, well-located assets.

Sources: ATB Financial, Reuters, Trans Mountain Corporation, Bank of Canada, Financial Post, Government of Alberta, RBC Economics, Pathways Alliance, Statistics Canada



CALGARY INDUSTRIAL MARKET OVERVIEW

The Calgary industrial market remained stable through Q1 2026. Net absorption totaled +149,592 square feet, moderating from the strong Q4 2025 result of +323,192 square feet, as weakness in the southeast offset gains in the northeast. Unweighted blended asking rents softened to \$15.29 per square foot from \$15.88, while average net market rents held steady at \$13.47 per square foot. Vacancy remained stable at 3.46%, with availability holding near 4.30%. Capital markets indicators were also steady, with average cap rates compressing slightly to 6.99%.



ECONOMIC DRIVERS

Industrial fundamentals continue to be supported by strong population growth, regional connectivity, and an expanding logistics footprint. Statistics Canada estimates place Calgary CMA population growth at approximately 2.9% year-over-year, among the fastest in Canada.

Labour conditions have improved, with unemployment declining to 6.7% in March 2026 from 7.4% the prior year, supporting occupier confidence. Broader economic growth remains constructive, with forecasts indicating approximately 2.4% GDP growth in 2026, above the national average.

Calgary continues to attract industrial users due to lower occupancy costs relative to major gateway markets, combined with strong infrastructure, including ring road access, national rail connections, and a 24/7 cargo airport. Municipal initiatives, including industrial incentive programs, are also supporting future land development.

MARKET PERFORMANCE OVERVIEW

Following a strong Q4 2025, market performance moderated but remained positive in Q1 2026. Absorption slowed, while asking rents softened slightly. In contrast, market rents, vacancy, and availability remained stable, indicating a balanced environment (See figure 1).

This trend reflects a market that remains fundamentally healthy, though more competitive. Landlords are increasingly selective, particularly for larger blocks, while tenant decision-making has become more measured.

Figure 1: Market Performance Overview (Calgary-wide)

METRIC	Q4 2025	Q1 2026
Net Absorption	+323,192 SF	+149,592
Avg. Net Asking Rent	\$15.88 psf	\$15.29 psf
Avg. Net Market Rent	\$13.46 psf	\$13.47 psf
Vacancy Rate	3.45%	3.46%
Availability Rate	4.30%	4.30%
Market Cap Rate	7.01%	6.99%

Source: CoStar

DEVELOPMENT PIPELINE

Development activity remains active but measured. While several large-format projects are advancing, new supply is not expected to significantly impact vacancy in the near term.

Notable projects include:

- A new western Canadian distribution facility by Dollarama, expected to be operational by 2027.
- A 605,000 square foot build-to-suit facility for Princess Auto in Balzac, scheduled for completion in 2026.

At a broader level, Rocky View County has approved the Shepard Logistics Centre Conceptual Scheme, a long-term development covering approximately 521 hectares Within city limits, incentive programs continue to support shovel-ready industrial land.

Overall, the pipeline represents steady long-term supply rather than immediate relief.



LEASING ACTIVITY AND DEMAND

Leasing activity remains driven by logistics, distribution, and supply chain users, reinforcing Calgary's role as a key Western Canadian hub. Demand is diversified across sectors, including retail distribution, consumer goods, and manufacturing.

Recent activity includes:

- Pet Valu opening a 295,000 square foot LEED Gold distribution centre.
- Transit expanding with a new facility in northeast Calgary.
- Coca-Cola Canada Bottling Limited investing approximately \$75 million in a high-density warehouse system

At the same time, conditions remain tight for small- to mid-bay users and properties with yard space, where availability is limited.

OUTLOOK

Calgary's industrial market is expected to remain stable through 2026, with demand continuing at a more normalized pace. Absorption is likely to remain positive, though with some quarterly variability.

Rents are expected to remain relatively stable in the near term, with premium pricing sustained for well-located, modern product. Vacancy is anticipated to remain stable, supported by measured supply and consistent demand, though localized fluctuations may occur.



Development activity is expected to continue where supported by pre-leasing and economics, while cap rates are likely to remain broadly stable.

CONCLUSION

Spring 2026 reflects a continuation of Calgary's disciplined industrial cycle. Market fundamentals remain positive, with steady demand, controlled supply, and strong infrastructure supporting long-term competitiveness.

Industrial Land Update

The industrial land market in Calgary and the surrounding Greater Calgary Area (GCA), including Rocky View County and Foothills County, remains stable in 2026, supported by strong regional fundamentals and continued population growth. The region benefits from its role as a key logistics and distribution hub for Western Canada, with access to major corridors such as Highway 2 and connectivity to Calgary International Airport. While growth has moderated from post-pandemic highs, conditions remain tight, with industrial land critical to supporting demand for warehousing, manufacturing, and logistics uses.

SUPPLY AND DEMAND DYNAMICS

A defining feature of the GCA market is the ongoing imbalance between supply and demand. Serviced industrial land remains limited, particularly in southeast Calgary and the Balzac corridor. Constraints are driven by both physical supply and regulatory timelines required to bring land through planning and servicing. As a result, land values remain elevated, with premium pricing for sites offering near-term development potential, strong access, and flexible zoning. Although vacancy in built industrial product has increased modestly, it remains below long-term equilibrium, supporting continued demand for developable land.

DEVELOPMENT TRENDS

Development activity has become more measured in response to higher borrowing costs and construction expenses. Developers are prioritizing build-to-suit projects and phased delivery over large-scale speculative development. This has moderated land absorption while helping to prevent oversupply, supporting overall market stability. In areas such as Rocky View County, where larger parcels are available, interest from institutional developers and logistics users remains, though project timelines have extended due to cost pressures and more conservative underwriting.

DEMAND DRIVERS

Demand for industrial land remains broad and diversified. Logistics and e-commerce distribution continue to lead activity, supported by Calgary's position as a cost-effective alternative to larger Canadian markets. Growth in energy services, agri-business, and light manufacturing is also contributing to absorption across multiple submarkets. Competitive land and operating costs, along with business-friendly municipal policies, continue to attract both owner-users and national tenants.

OUTLOOK

The outlook for industrial land in the GCA remains positive, though moderated by macroeconomic uncertainty. Interest rates, construction costs, and global trade conditions will continue to influence development activity and investor sentiment. However, the region's structural advantages—including land availability, established infrastructure, and sustained population growth—support long-term expansion. Industrial land values are expected to remain stable, with modest upward pressure in prime locations as limited serviced supply and steady demand persist through 2026 and beyond.



South Central Market Industrial Update

The Calgary South East Central industrial submarket remains stable in early 2026, supported by strong demand for well-located space near the urban core. While conditions have softened slightly from peak levels, the area continues to attract a diverse mix of logistics, service-industrial, and retail-oriented users due to its proximity to downtown and major transportation corridors.

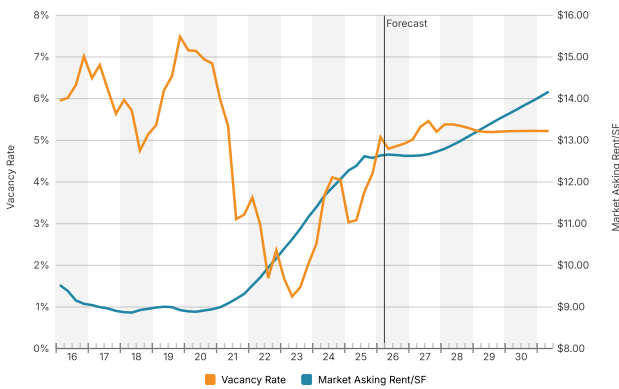


MARKET FUNDAMENTALS

Vacancy has increased modestly to approximately 2.61%, remaining below long-term equilibrium and indicative of a tight market. Net absorption in Q1 2026 totaled -24,978 square feet, a notable improvement from the -148,243 square feet recorded in Q3 2025 (see figure 3). While absorption remains slightly negative, leasing activity has stabilized across key nodes.

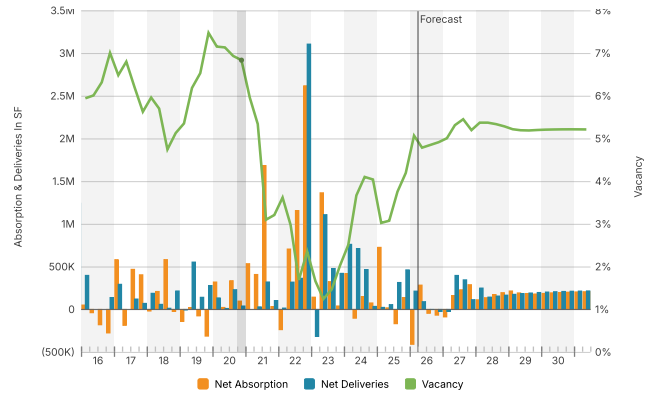
Average net asking rents have remained firm or increased across most submarkets (see figure 2). Fairview reached \$16.13 per square foot, reflecting a 2% year-over-year increase. Inglewood and Ramsay continue to command premiums of approximately \$19.00 and \$54.00 per square foot, respectively, driven by a shift toward light retail and service-oriented uses. Demand remains strongest for small to mid-bay units under 10,000 square feet, where availability is limited.

Figure 2: Calgary South Central Vacancy & Asking Rent PSF



Source: CoStar

Figure 3: Net Absorption, Net Deliveries & Vacancy



Source: CoStar



Figure 4: South Central Industrial Market Data

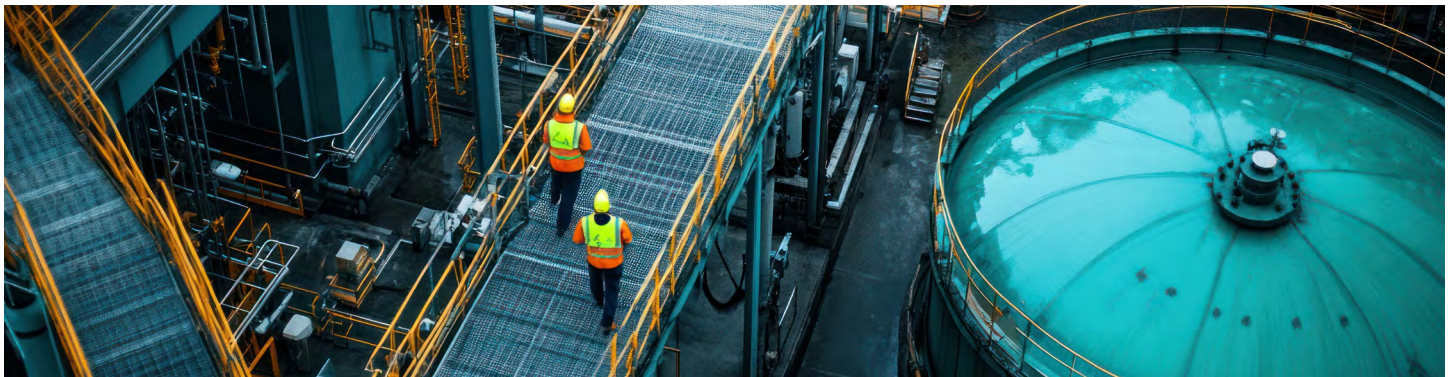
Area	Net Absorption SF (Q4 2025)	Net Absorption SF (Q1 2026)	Avg. Net Asking Rate (Q4 2025)	Avg. Net Asking Rate (Q1 2026)	Avg. Net Market Rate (Q4 2025)	Avg. Net Market Rate (Q1 2026)	Market Cap Rate (Q4 2025)	Market Cap Rate (Q1 2026)	Vacancy (Q4 2025)	Vacancy (Q1 2026)	Availability (Q4 2025)	Availability (Q1 2026)
Inglewood	-	-944	\$19.00	\$19.00	\$12.87	\$12.88	7.24%	7.22%	2.30%	2.30%	2.30%	2.30%
Ramsay	4,500	3,000	\$54.00	\$36.70	\$12.63	\$12.58	7.06%	7.04%	0.60%	0.30%	0.60%	0.30%
Alyth/Bonnybrook	-124	7,748	\$12.59	\$11.43	\$13.72	\$13.74	7.17%	7.15%	0.60%	0.40%	0.50%	0.40%
Highfield	-6,024	-6,728	\$13.28	\$12.42	\$13.32	\$13.31	7.02%	7.00%	4.60%	4.70%	5.80%	5.40%
Burns Industrial	70,375	-23,187	\$11.24	\$12.24	\$14.02	\$14.01	7.10%	7.08%	2.30%	2.90%	3.40%	4.30%
Manchester	7,569	1,687	\$13.58	\$12.59	\$14.10	\$14.10	7.10%	7.07%	1.70%	1.50%	3.40%	3.70%
Fairview	-3,506	-4,037	\$16.43	\$16.13	\$14.39	\$14.42	7.11%	7.09%	1.60%	1.90%	2.00%	1.90%
East Fairview	33,793	-2,517	\$18.00	\$18.00	\$14.41	\$14.43	7.23%	7.21%	0.70%	0.80%	2.00%	2.60%
Total	106,583	-24,978	\$19.77	\$17.31	\$13.68	\$13.68	7.13%	7.11%	1.80%	1.85%	2.50%	2.61%

Source: CoStar

SUBMARKET TRENDS

Inglewood and Manchester continue to see strong leasing activity, supported by proximity to the Beltline and flexible zoning. Ramsay and Fairview have experienced some tenant turnover but maintain consistent demand from boutique industrial and service users. Highfield and Burns Industrial are undergoing gradual repositioning, with older assets being upgraded to remain competitive.

While headline vacancy has increased slightly, this is largely due to additional mixed-use dock and drive-in bay product entering the market. Excluding these listings, functional vacancy is estimated closer to 2.0%–2.5%, reinforcing the tightness of the core inventory (see figure 4).



SUPPLY AND OUTLOOK

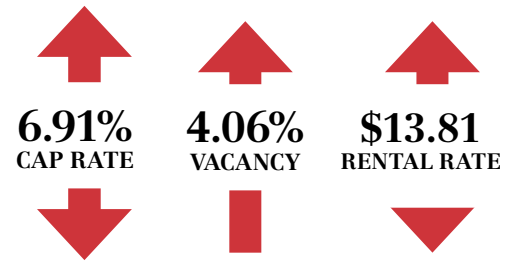
Across Calgary’s broader industrial market, conditions continue to favour landlords. New supply remains limited, with less than 2 million square feet under construction citywide, much of which is already pre-leased or pre-sold. Combined with constrained serviced land and steady owner-user demand, these conditions are expected to support continued upward pressure on rents through 2026.

At the same time, rising land values and redevelopment pressures are influencing tenant behaviour, with some occupiers evaluating relocation to peripheral markets. However, centrally located assets continue to perform well due to accessibility and proximity to labour.

Overall, while absorption may fluctuate in the short term, the South East Central industrial market remains fundamentally strong heading into mid-2026, with stable vacancy, rising rents, and sustained demand for well-located, functional space.

South East Industrial Market

The Calgary Southeast industrial market experienced a pullback in Q1 2026 following a relatively stable close to 2025. Negative absorption and rising vacancy point to short-term softening, largely driven by large-format space returning to the market.



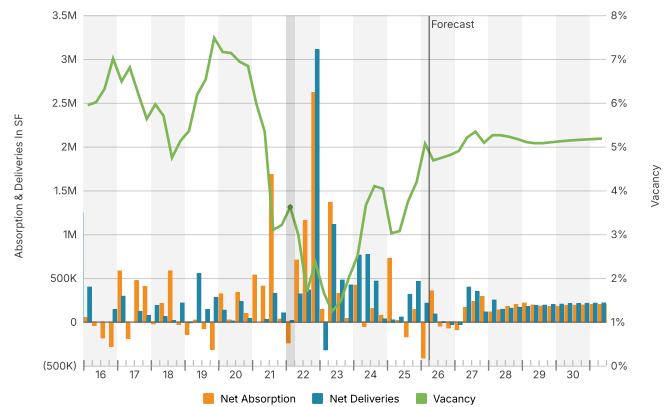
ABSORPTION AND VACANCY TRENDS

Net absorption totaled -564,367 square feet, a sharp reversal from +25,685 square feet in Q4 2025. This decline was driven primarily by Great Plains (-317,336 SF) and Foothills (-157,085 SF), with additional losses in South Foothills, Forest Lawn, and East Shepard. These were partially offset by gains in Starfield (+95,555 SF), Frontier (+21,200 SF), and Shepard (+17,025 SF) (see figure 5).

A key contributor to negative absorption is large-scale vacancy from projects such as the 68th Street Logistics Park (9845 70 Street SE), which continues to carry approximately 530,000 square feet of available space despite completion over two years ago.

Overall vacancy increased from 3.45% to 4.06%, with Great Plains rising significantly to 12.40%. Despite this, availability declined from 5.05% to 4.50%, indicating that some space has been leased or withdrawn from the market, suggesting underlying tenant demand remains present (see figure 6).

Figure 5: South East Calgary Net Absorption, Net Deliveries & Vacancy



Source: CoStar

RENTAL PERFORMANCE

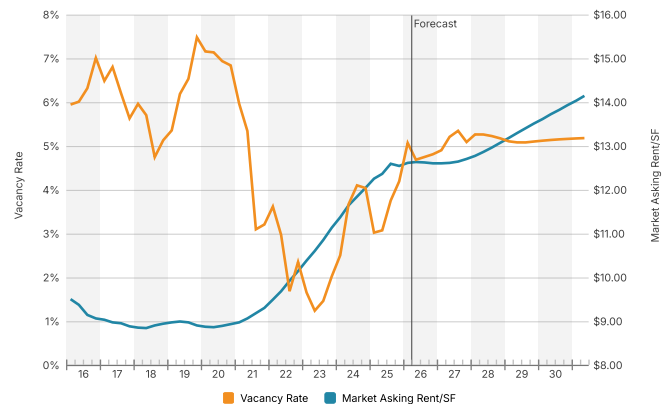
Leasing fundamentals remained relatively stable. Average net asking rents held at \$13.81 per square foot, while average market rents increased slightly to \$13.51 per square foot. Performance varied by submarket, with downward pressure in Great Plains (asking rents declining to \$9.85), while core nodes such as Shepard and Frontier continued to demonstrate stability.

MARKET POSITIONING AND OUTLOOK

While Q1 reflects a period of adjustment, the Southeast corridor continues to benefit from its strategic positioning for logistics and distribution users. Positive absorption in emerging areas such as Starfield, along with continued strength in Frontier, highlights ongoing demand for functional, well-located space.

Looking ahead, the market is expected to gradually rebalance as vacant space is absorbed and leasing activity normalizes. With stable rental rates and continued investor interest, the Southeast industrial market remains well-positioned through the remainder of 2026.

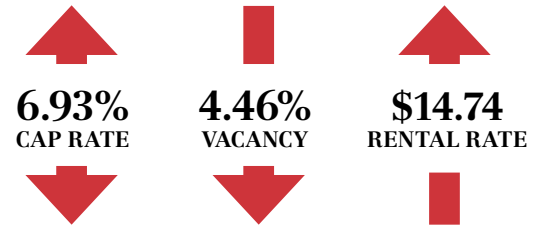
Figure 6: South East Calgary Vacancy and Asking Rent Per Square Foot



Source: CoStar

North East Industrial Market

The Calgary Northeast industrial market strengthened in Q1 2026, supported by solid leasing activity and improved absorption. The market recorded 738,937 square feet of positive net absorption, a significant increase from the previous quarter, reinforcing its position as Calgary’s primary logistics hub.



CORE METRICS

Market fundamentals improved, with vacancy declining from 5.11% to 4.46% and cap rates compressing slightly to approximately 6.93%. Average net asking rents increased to \$14.74 per square foot, reflecting continued upward pressure on pricing.



SUBMARKET ACTIVITY

Growth was led by Balzac, which recorded strong absorption and a notable decline in vacancy, alongside gains in Skyline West, Stoney 2, and Saddleridge Industrial. In contrast, Stonegate Landing and Skyline East experienced softer leasing activity, with stable to rising vacancy levels.

PRODUCT AVAILABILITY TRENDS

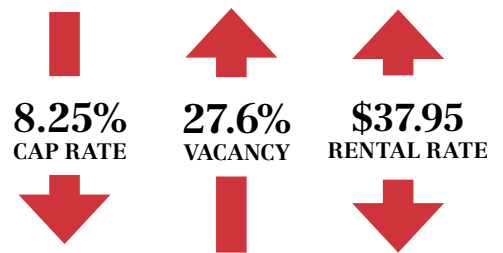
Small-bay availability remains extremely limited, with submarkets such as Westwinds, Stoney 1, and North Airways reporting near-zero vacancy. This continued scarcity is supporting rental growth and reinforcing landlord-favourable conditions, particularly for modern industrial space.

FORWARD VIEW

The Northeast market is expected to remain stable through 2026, supported by strong demand fundamentals. While increased availability in select pockets may introduce localized pressure, overall conditions remain favourable.

DOWNTOWN OFFICE MARKET OVERVIEW

The Calgary downtown office market continues to undergo structural change, supported by improving leasing sentiment alongside ongoing supply adjustments. Q1 2026 saw renewed momentum, particularly within Class AA and A buildings, where larger occupiers continue to prioritize high-quality space with strong amenities, upgraded common areas, and modern workplace environments.



Despite this improvement, overall vacancy remains elevated at approximately 27.6%, reflecting ongoing structural challenges across the broader inventory. Premium towers continue to outperform, while older commodity buildings face sustained pressure from downsizing, relocations, and functional obsolescence. This widening performance gap remains a defining characteristic of the downtown market.



A key driver of change continues to be office-to-residential conversions. Calgary leads all major Canadian cities in both completed and planned conversions, with activity concentrated in the downtown core and expanding into adjacent areas such as the Beltline. The City’s Downtown Development Incentive Program, offering subsidies of approximately \$75 per square foot, has accelerated this trend. One notable project is the TransAlta Building (110 12 Ave SW), where approximately 133,000 square feet is being converted into 153 residential units as part of the Beltline Block Tower development, with phased completion expected between 2027 and 2028.

At the same time, ongoing merger and acquisition activity in the energy sector is contributing to an increase in sublease availability. Transactions such as the Whitecap/Veren merger are expected to introduce additional sublease space in Eighth Avenue Place, while the Cenovus/MEG merger will add approximately 112,000 square feet of high-quality sublease space in Eau Claire Tower. This continued influx of sublease inventory is expected to preserve tenant leverage, particularly for larger requirements, while also creating backfill and relocation opportunities across the downtown core.

Overall, while vacancy remains elevated, improving leasing activity in premium assets, continued conversion programs, and active sublease dynamics point to a market in transition, with gradual rebalancing expected over the medium term.

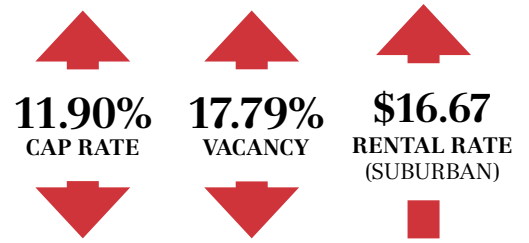
FIGURE 7: NOTABLE LEASING TRANSACTIONS Q1 2026

TENANT	BUILDING	SIZE (SF)
CDE Engineering	Western Canada Place - North	18,000
Tetra Tech	First Canadian Centre	19,000
Trafigura	400 Third	21,000
Orlen Upstream Canada	Bankers Court	22,000
Trans Mountain Canada	Stock Exchange Tower	130,000

Sources: CoStar, The City of Calgary Housing Review, The Calgary Herald

SUBURBAN OFFICE MARKET OVERVIEW

The suburban office market has remained stable through Q4 2025 and into Q1 2026, supported by steady leasing activity and improving employment trends. Office-using sectors added approximately 25,000 jobs in the year ending February 2026, indicating continued demand for office space.



Tenant activity remains consistent across suburban nodes, with financial services, construction, wellness, and education sectors driving leasing demand. As downtown conversion activity reduces available office inventory, some displacement of tenants is expected, supporting increased demand in suburban markets over time.

While a limited number of conversion projects are also emerging in suburban areas, including the Beltline, the broader impact is expected to be a gradual tightening of suburban vacancy rates. As tenants seek more cost-effective and flexible space options outside the core, suburban markets are well-positioned to benefit from this shift.



Cap Rate: 11.9%

Vacancy: 17.79%

Average Net Rent: \$16.67 psf

FIGURE 8: MAJOR LEASING TRANSACTIONS

TENANT	SF OCCUPIED	ADDRESS	LEASE TYPE
De Havilland	80,000	3699 63 Ave NE	Sublease
PCL Construction	42,103	3030 2 Ave SE	Headlease
General Dynamics	41,271	1120 68 Ave NE	Headlease
Calgary Housing	27,267	2535 3 Ave SE	Headlease

Sources: CoStar, The City of Calgary Housing Review, The Calgary Herald

RETAIL MARKET OVERVIEW

Alberta's favourable economic outlook continues to attract both private and institutional capital, with activity increasing across asset classes. Calgary offers a strong value proposition, supported by lower costs per square foot than Toronto and Vancouver, along with relatively higher cap rates. Combined with a stable interest rate environment, the market presents attractive opportunities for investors targeting high-quality retail assets.

Calgary's retail sector remains a strong performer, characterized by low vacancy and steady demand across most subsectors. While recent development has eased some supply pressure, 2026 growth is shifting toward suburban areas in line with population expansion. The market continues to attract new U.S. retailers, including a new Costco under construction west of Calgary along the Trans-Canada Highway. The approximately 170,000 square foot store will anchor the Bingham Crossing development in Springbank, within Rocky View County, and is expected to be one of the largest Costco locations in Alberta, with completion anticipated in Fall 2026.

Demand for medical-oriented retail space has increased in 2026, driven by provincial healthcare recruitment initiatives, resulting in continued absorption of commercial retail units (CRUs).



ECONOMIC CONTEXT AND GROWTH DRIVERS

In contrast to a national economy showing signs of stagnation, Calgary is projected to achieve GDP growth of approximately 2.9% in 2026, outperforming both provincial and national averages. The region's resilience is supported by several key factors:

- Calgary ranked among the top cities in North America for tech job growth for the second consecutive year, with the sector expanding by approximately 13% in value by the end of 2025.
- A skilled labour pool of roughly 64,000 technology professionals continues to grow at one of the fastest rates in North America.
- The unemployment rate of 7.5% is due to record population growth, not due to mass layoffs. People are moving to Calgary faster than the job market can maximize the skilled workforce.

INTEREST RATE ENVIRONMENT

Over the past 12 months, Canadian 10-year government bond yields have ranged from approximately 2.94% to 3.70%, reflecting volatility driven by inflation expectations, modest GDP growth, rising unemployment, and geopolitical tensions. While oil price movements have pushed yields higher at times, global growth concerns have contributed to recent stabilization.

The Bank of Canada has maintained its policy rate at 2.25% following its March 2026 announcement. Lending conditions have adjusted accordingly, though lenders remain selective, with increased focus on asset quality and borrower strength. Current conditions continue to support well-capitalized investors, as early signs of cap rate compression emerge. Astute purchasers are seizing the opportunity.

INVESTMENT ACTIVITY

Recent transactions highlight continued investor demand. In November 2025, 75 Corner Meadows Park NE sold for \$11.2 million (\$558 per square foot) at a 6.2% cap rate. In December 2025, the vacant former Toys“R”Us at 10450 Macleod Trail SE sold for \$19.6 million (\$515 per square foot), while a comparable asset at 2929 – 32nd Avenue NE sold for \$15.5 million (\$330 per square foot), illustrating location-based value differences. In January 2026, 55 Castleridge Boulevard NE sold for \$36 million (\$433 per square foot/ 6.5% cap), while 1829 Ranchlands Boulevard NW sold for \$27.0 million (\$409 per square foot). Net operating income data was unavailable at the time of reporting.

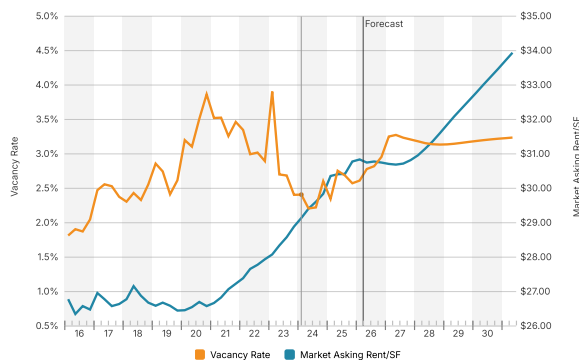


VACANCY & RENTAL RATES

Retail vacancy in Calgary remains low, though overall figures are influenced by elevated downtown availability. Excluding the core, vacancy remains among the lowest in Canada at approximately 3.5%, with slight year-over-year improvement. Tight conditions continue to support landlord leverage and upward movement in net rental rates.

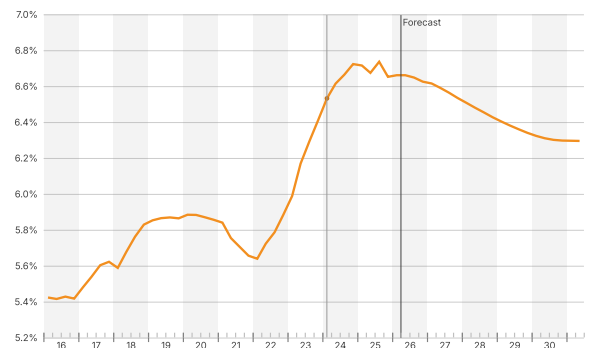
Average net lease rates have increased modestly to approximately \$31 per square foot (see figure 9). Top-tier centres and prime locations are achieving rates exceeding \$40 per square foot, reflecting continued demand for high-quality retail space.

Figure 9: Calgary Retail Vacancy & Asking Rent PSF



Source: CoStar

Figure 10: Calgary Retail Cap Rate



Source: CoStar

CAP RATES

Available data indicates average retail cap rates of approximately 6.25%, reflecting compression from the 6.5%–7.0% range noted previously (see figure 10). As anticipated, easing borrowing conditions have supported modest compression. Secondary and tertiary markets continue to offer stronger yields, supported by population growth and more attractive pricing.

MULTI-FAMILY MARKET OVERVIEW

Calgary’s multi-family market is undergoing a rebalancing period following one of the most active construction cycles in the city’s history. Record rental deliveries in 2024 and 2025 have pushed vacancy above historic lows, moderated rent growth, and shifted leverage toward renters—particularly within newer, higher-end assets. Despite near-term softening, Calgary remains one of the most attractive multi-family markets in Canada, supported by strong long-term fundamentals and continued investor confidence.

VACANCY TRENDS AND DEMAND CONDITIONS

Calgary’s purpose-built rental market has shifted from peak rent growth in early 2025 to a more balanced environment entering 2026, driven primarily by a significant influx of new supply. Purpose-built inventory expanded by approximately 11% in 2025—one of the highest growth rates among major Canadian markets—placing upward pressure on vacancy and increasing leasing competition.

Figure 11: Calgary Rental Market Statistics Summary by Zone – as of end of 2025

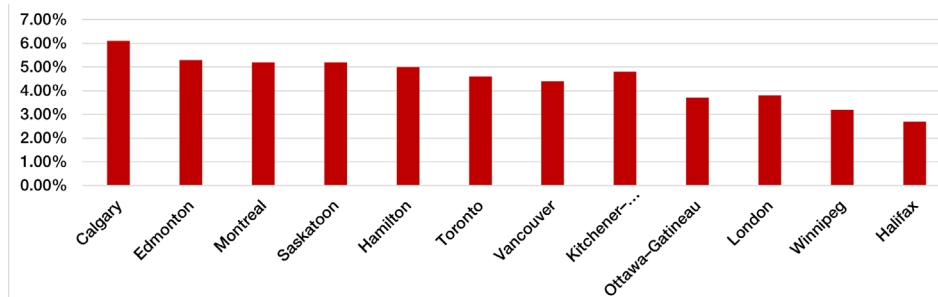
Zone	Vacancy Rate (%)	Average Rent (\$)	Median Rent (\$)	Units
Downtown	5.8	1782	1675	7891
Beltline	5.6	1774	1700	13289
North Hill	4.5	1654	1550	4572
Southwest	3.6	1897	1790	7595
Southeast	2.9	1755	1708	5270
Northwest	6	1810	1750	11557
Northeast	4.5	1758	1753	5045
Chinook	4.9	1692	1695	3767
Fish Creek	4.6	1692	1699	5571
Other Centres	4.3	1809	1800	3423
Calgary	4.9	1775	1725	67980

According to Canada Mortgage and Housing Corporation (CMHC), vacancy reached 5.0% in 2025, rising from 1.4% in 2023. More recent data indicates vacancy has increased further to approximately 6.1% in early 2026, now among the highest levels nationally (see figure 11). Despite this increase, demand has generally kept pace with new supply, limiting the risk of sustained oversupply.

Source: CMHC

Leasing pressure is most pronounced in newer, amenity-rich properties, particularly larger and higher-end units, where operators are increasingly utilizing incentives and rent adjustments to support absorption (see figure 12). In contrast, older and more affordable assets continue to demonstrate relative stability with stronger occupancy levels. Notably, downtown vacancy tightened through 2025, supported by improving return-to-office trends and renewed demand for urban living.

Figure 11.2: Canadian Major Cities Vacancy Rates



Source: CMHC

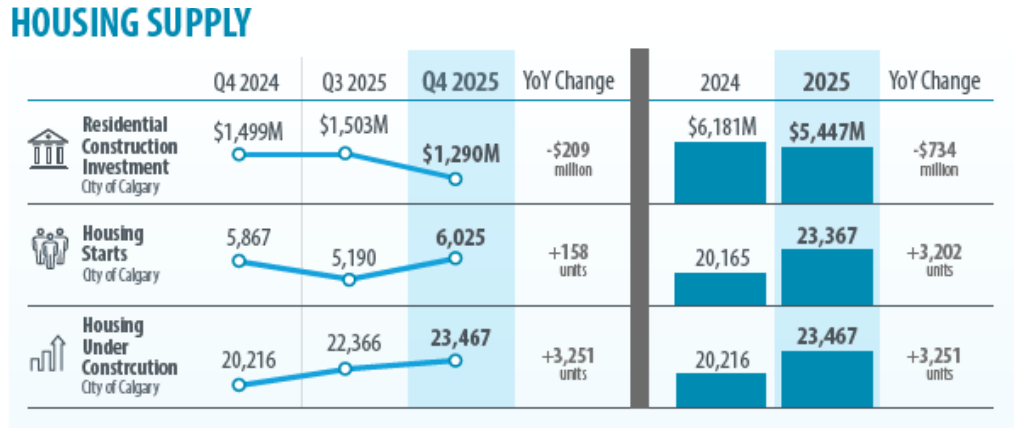
Figure 12: Asking Rents for Newer Premium Buildings

Unit Type	Average Rent (\$)	Rent per SF (\$/SF)
Studio	\$1,500	\$3.60
1 Bedroom	\$1,724	\$2.95
1 Bdrm + Den	\$1,800	\$2.53
2 Bedroom	\$2,178	\$2.60
3 Bedroom	\$2,295	\$2.08

SUPPLY PIPELINE AND DEVELOPMENT TRENDS

Calgary recorded approximately 23,360 housing starts in 2025, representing a nearly 16% increase year-over-year and marking a second consecutive annual record. Purpose-built rentals accounted for a significant share of this activity, representing approximately 62.6% of apartment starts and 40% of total housing starts—the highest proportion on record (see figure 13).

Figure 13: Housing Supply Statistics



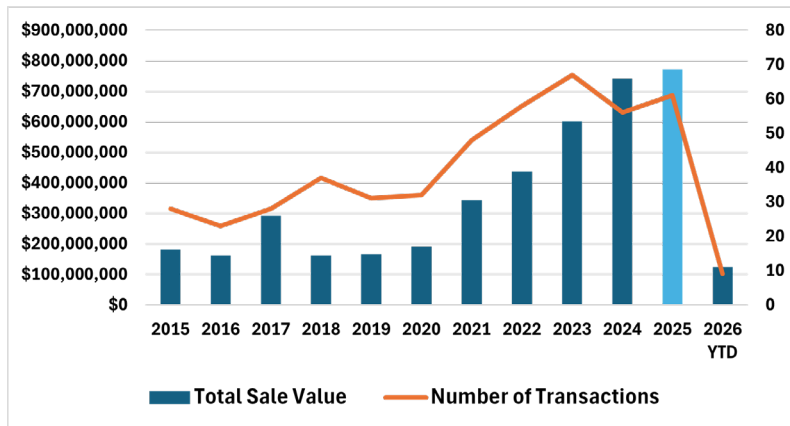
Source: City of Calgary Housing Review

As of year-end 2025, approximately 23,467 units were under construction, with apartments comprising roughly 73% of the pipeline. Deliveries are expected to continue through 2026 and into 2027, although new starts are anticipated to moderate as vacancy rises and lease-up timelines extend.

INVESTMENT MARKET OVERVIEW

Calgary’s multi-family investment market remained active through 2025, albeit with more selective investor behaviour. Rising interest rates, increased supply, and evolving rental fundamentals contributed to lower transaction volume, particularly in the first half of the year. Despite this, pricing remained relatively stable (see figures 14 & 15).

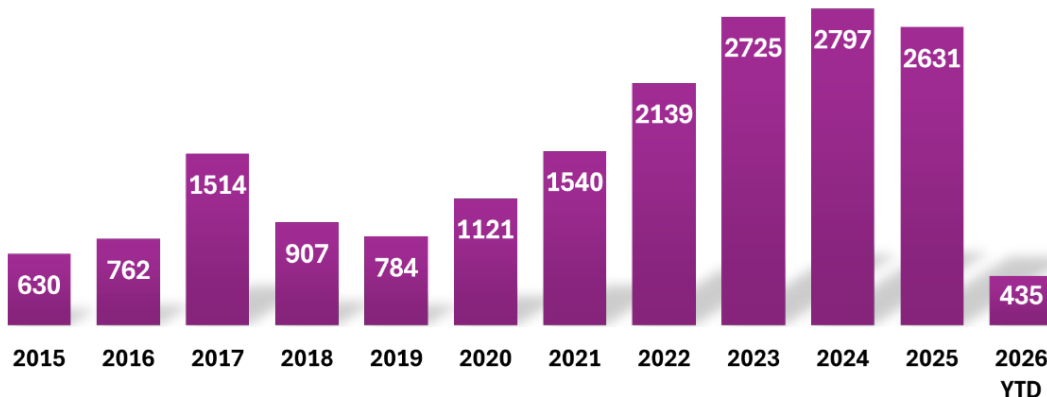
Figure 14: Apartment Sales



Source: CMHC, City of Calgary

Institutional-grade assets, particularly those constructed post-2010, continued to achieve pricing in the range of \$340,000 to \$350,000 per unit, while older, value-add properties traded closer to the low-\$200,000 range. Several notable transactions in the Beltline and inner-city markets reinforced confidence in Calgary’s long-term outlook, with investor focus increasingly centred on income stability, lease-up risk, and submarket fundamentals. Calgary continues to offer an attractive yield premium relative to other major Canadian markets.

Figure 15: # of Apartment Units Sold



FINANCING ENVIRONMENT - MLI SELECT PROGRAM

The Canada Mortgage and Housing Corporation MLI Select program has been a primary driver of Canada’s recent rental construction cycle, enabling high-leverage financing with extended amortization periods. Calgary’s recent surge in purpose-built rental development has been closely tied to this program. However, a series of policy changes between late 2024 and mid-2025 has materially altered its application.

Restrictions introduced in February 2025 eliminated the ability to bundle smaller properties under a single application, requiring projects to consist of a minimum of five units on a single title. In July 2025, CMHC implemented risk-based pricing, resulting in a significant increase in insurance premiums, with many structures effectively doubling in cost. While incentives remain available for projects meeting affordability, energy efficiency, or accessibility criteria, these require additional capital investment and long-term commitments.

Further changes introduced in late 2024 increased upfront capital requirements and mandated appraisals for all applications, adding complexity and reducing flexibility. As a result, some developers have shifted toward conventional financing despite less favourable terms.

Overall, while MLI Select remains a key financing tool, underwriting standards have tightened significantly. Increased equity requirements, higher costs, and more stringent qualification criteria are expected to moderate new development activity over time—an adjustment that may help rebalance supply within Calgary’s multi-family market. *Sources: CMHC Spring 2026 Housing Supply report, Yardi National Multi-family Report, City of Calgary Housing Review*

FIGURE 16: NOTABLE MULTIFAMILY TRANSACTIONS 2025

BUILDING	ADDRESS	YEAR BUILT	# OF UNITS	SUBMARKET	SALE PRICE	PRICE / UNIT
The Arch	1115 9 Street SW	2015	150	Beltline	\$62,000,000	\$413,333
Carrington Plaza	235 Carrington Plaza NW	2024	182	Carrington	\$62,000,000	\$340,659
Skyview Bay	171 Skyview Bay NE	2019	141	Skyview Ranch	\$42,300,000	#300,000



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2929 32 AVENUE NE



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