SPRING 2025

CALGARY | ALBERTA

MARKET REPORT

NAI Advent
ADVENT COMMERCIAL REAL ESTATE CORP.

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DOWNTOWN OFFICE TRENDS

Vacancy Rate	↔	29.9%
Asking Rental Rates (PSF)	↔	$13.01

BELTLINE OFFICE TRENDS

Vacancy Rate	↓	21.6%
Asking Rental Rates (PSF)	↓	$23.10

SUBURBAN OFFICE TRENDS

Vacancy Rate	↔	18.3%
Asking Rental Rates (PSF)	↔	$15.82

MULTI-FAMILY TRENDS

Vacancy Rate (Q3)	↑	7.4%
Asking Rental Rates (PSF) (Q3)	↑	$2.95

INDUSTRIAL TRENDS

SQ FT Net Absorption (Q1)		598,892
Vacancy Rate (Q1)	↑	4.50%
Asking Rental Rates (PSF) (Q1)	↑	$12.95
SQ FT Delivered to Market (YTD)		527,519
SQ FT Under Construction		2,281,976

RETAIL TRENDS

SQ FT Net Absorption (Q3)		-34,103
Vacancy Rate (Q3)	↔	2.40%
Asking Rental Rates (PSF) (Q3)	↓	$26.64
SQ FT Delivered to Market (YTD)		156,792
SQ FT Under Construction		1,923,791

ALBERTA MACRO-ECONOMIC OVERVIEW

Alberta remains one of Canada's top-performing provinces, with GDP growth forecast between 1.8% and 2.3% for 2025. This growth is driven by strength in the energy sector and continued migration into the province. Alberta led the country in interprovincial migration again in 2024, gaining over 36,000 new residents, alongside high international inflows. As a result, labor force participation has remained strong, though the unemployment rate has climbed to 7.6%, reflecting both labour market shifts and broader global economic pressures. This extraordinary level of migration has made Alberta and Calgary some of the fastest-growing regions in North America. Multi-family housing starts have surged in response, rising over 40% year-over-year to meet increased demand for residential units in key urban centres.

ENERGY SECTOR AND INFRASTRUCTURE MOMENTUM

Alberta's oil and gas sector continues to power provincial growth. The long-awaited Trans Mountain Pipeline Expansion (TMX) was completed and is now fully operational, significantly boosting Alberta's export capacity and reducing dependency on rail. The provincial government is also engaging with pipeline operators to explore future capacity expansions, reinforcing Alberta's position as a major global energy supplier. Despite growing interest in renewable energy, oil and gas remains the backbone of Alberta's economy. New infrastructure has helped solidify long-term demand, and increased global energy prices continue to favour Alberta producers.

TRADE DIVERSIFICATION AND GEOPOLITICAL TENSIONS

The possibility of new U.S. tariffs has raised concerns among Alberta exporters, particularly in energy and agriculture. Premier Danielle Smith has warned that such policies would increase gas prices for American consumers and is leading efforts to diversify Alberta's trade relationships. The province is now actively engaging with countries like Spain and India to expand market access and reduce reliance on the U.S. as a primary export destination.

BANK OF CANADA POLICY AND INFLATION OUTLOOK

The Bank of Canada has lowered its benchmark rate to 2.75% as of May 2025, marking its seventh consecutive cut in response to slowing national growth and declining inflationary pressure. This easing trend is expected to stimulate investment in housing, infrastructure, and commercial real estate, particularly in high-growth regions like Calgary and Edmonton.

IMPACT ON THE CANADIAN DOLLAR

The Canadian dollar has weakened further against the U.S. dollar, recently trading near 1.39 CAD/USD, driven by falling interest rates and uncertainty in global markets. While this creates challenges for importers, Alberta's export-heavy economy stands to benefit. Commodity exports—especially oil and gas—are priced in U.S. dollars, giving Alberta a direct revenue advantage from the exchange rate differential.

CONCLUSION

Alberta continues to show strong economic fundamentals, driven by robust population growth, resilience in the oil and gas sector, and expanded export infrastructure. While challenges remain—especially around federal energy policy, global trade risks, and currency volatility—the province is well-positioned for continued growth in 2025. Real estate, infrastructure, and energy-related industries stand to benefit from favorable monetary policy and a renewed focus on Alberta as a strategic investment hub.

Sources: ATB Financial, Reuters, Trans Mountain Corporation, Bank of Canada, Financial Post

INDUSTRIAL MARKET OVERVIEW: ANALYZING Q2 & Q3 2024 REPORT

Calgary's industrial real estate market remained resilient through Q4 2024 and Q1 2025, supported by strong demand across major submarkets and a backdrop of stabilizing economic conditions. Despite global uncertainties, the sector demonstrated healthy fundamentals, with active development and steady leasing activity.

ECONOMIC OVERVIEW

The Alberta economy continued its moderate post-COVID rebound in late 2024 and early 2025. Calgary remains Canada's fastest-growing city, with population growth driven by both interprovincial migration and international immigration contributing to increased demand for logistics and warehousing space. Although inflationary pressures have cooled, interest rates remain elevated compared to pre-pandemic levels, slightly tempering investor activity but not significantly hindering industrial leasing. The threat of tariffs and global trade constraints have further shifted supply chains, driving demand for local warehousing and distribution space—particularly in proximity to major transportation corridors like Calgary's northeast and southeast industrial hubs.

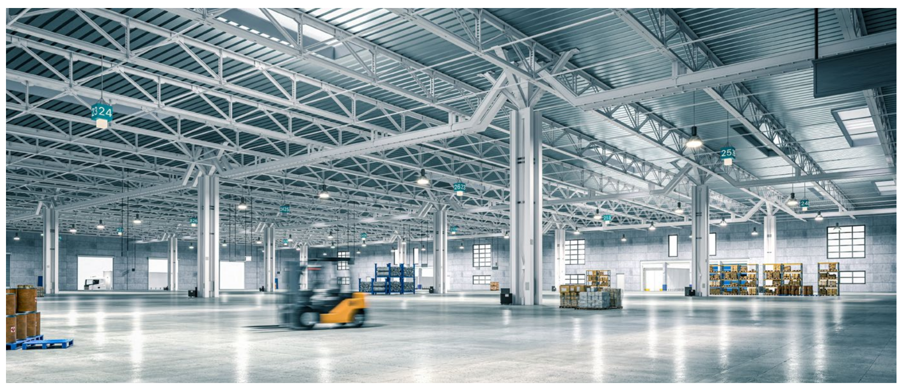
MARKET PERFORMANCE OVERVIEW

Combining data from the NE, SE, and South Central industrial submarkets, Calgary's industrial market recorded the following highlights:

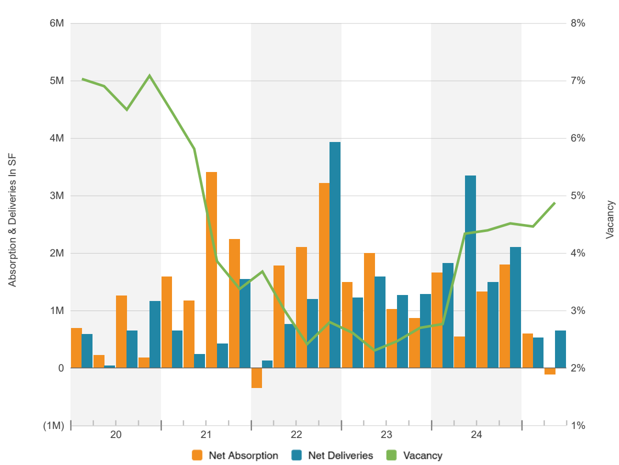
Total Net Absorption:
Q4 2024: ~1,773,306 SF
Q1 2025: ~591,243 SF

Average Asking Lease Rates:
Q4 2024: $13.04/SF (blended estimate)
Q1 2025: $13.22/SF (blended estimate)

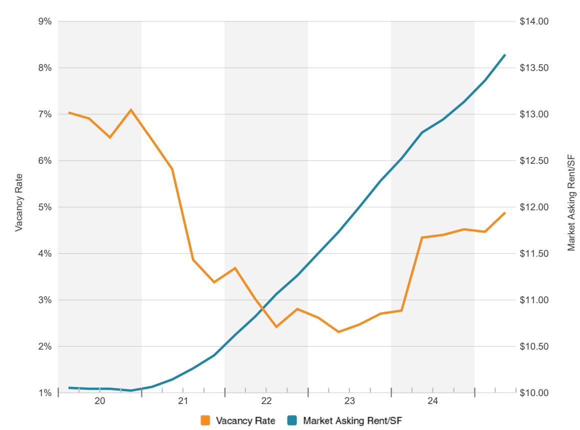
Vacancy Rates:
Q4 2024: Averaged around 4.5%
Q1 2025: Increased modestly to 4.5%



Net Absorption, Net Deliveries & Vacancy



Vacancy & Asking Rent PSF



Source: CoStar

CONSTRUCTION ACTIVITY

Calgary continues to see robust industrial development: Space Under Construction (Q1 2025): Approx. 5.3 million SF. This includes multiple projects in the Balzac and Foothills areas, targeting logistics, e-commerce, and light manufacturing users. Developers are cautiously optimistic, with most projects either built-to-suit or already pre-leased.

KEY DEALS & MARKET ACTIVITY

- Large logistics firms continue to expand in Balzac and Stonegate Landing, including several leases over 100,000 SF. Foothills and Eastfield have seen increased activity from third-party logistics and last-mile delivery tenants.
- Investment activity has been subdued due to interest rate headwinds, but cap rates remain relatively stable
- Market Cap Rates:
  Q4 2024: 6.7%–7.3%
  Q1 2025: Slight compression observed in top-performing areas like Balzac and Stonegate Landing.

OUTLOOK FOR 2025

Vacancy rates in Calgary's industrial market are expected to stabilize or edge slightly higher as significant new supply comes online. This influx of space may temporarily outpace tenant demand in some submarkets, though absorption is forecast to remain positive overall—albeit below the record levels seen in 2023 and 2024.

Lease rate growth is projected to flatten, with average industrial rents anticipated to hold steady around current levels. While Calgary continues to benefit from its cost advantage relative to national peers, landlords may begin offering increased concessions to secure long-term, high-quality tenants. Annual rent growth is expected to moderate to approximately 2%–3% over the next year, before stabilizing at a sustainable 4%–5% as the market rebalances.

Calgary's industrial real estate fundamentals remain strong, supported by ongoing population growth, evolving supply chains, and a favorable position within Western Canada's logistics network. These dynamics are expected to underpin continued, albeit measured, market strength through 2025.

CONCLUSION

Calgary's industrial real estate market in Q4 2024 and Q1 2025 reflects a continuation of steady performance, underpinned by population growth, evolving supply chain dynamics, and resilient tenant demand. As Western Canada experiences sustained in-migration and Calgary maintains its affordability advantage over larger markets, the city remains a strategic destination for industrial users and investors alike.

While headwinds such as elevated interest rates and cautious investment sentiment persist, the market continues to demonstrate solid fundamentals. Vacancy rates have inched up with new supply, and leasing activity has moderated from previous highs, yet demand remains broadly supportive of long-term stability.

The overall outlook for Calgary's industrial sector is one of measured optimism. As the region adapts to shifting economic conditions and delivers new, high-quality industrial space, Calgary is expected to maintain its position as a key logistics and distribution hub within Canada's evolving industrial landscape.

Industrial Land Update

In Q1 2025, Calgary and the Greater Calgary Area (GCA)—including Okotoks, Rocky View County, Airdrie, and Balzac—continued to demonstrate strong demand for industrial land, supported by the region's strategic positioning as a logistics and distribution hub. Commercial real estate sales exceeded $1.5 billion, fueled by elevated oil prices and the relative affordability of Alberta's industrial land compared to other major Canadian markets.

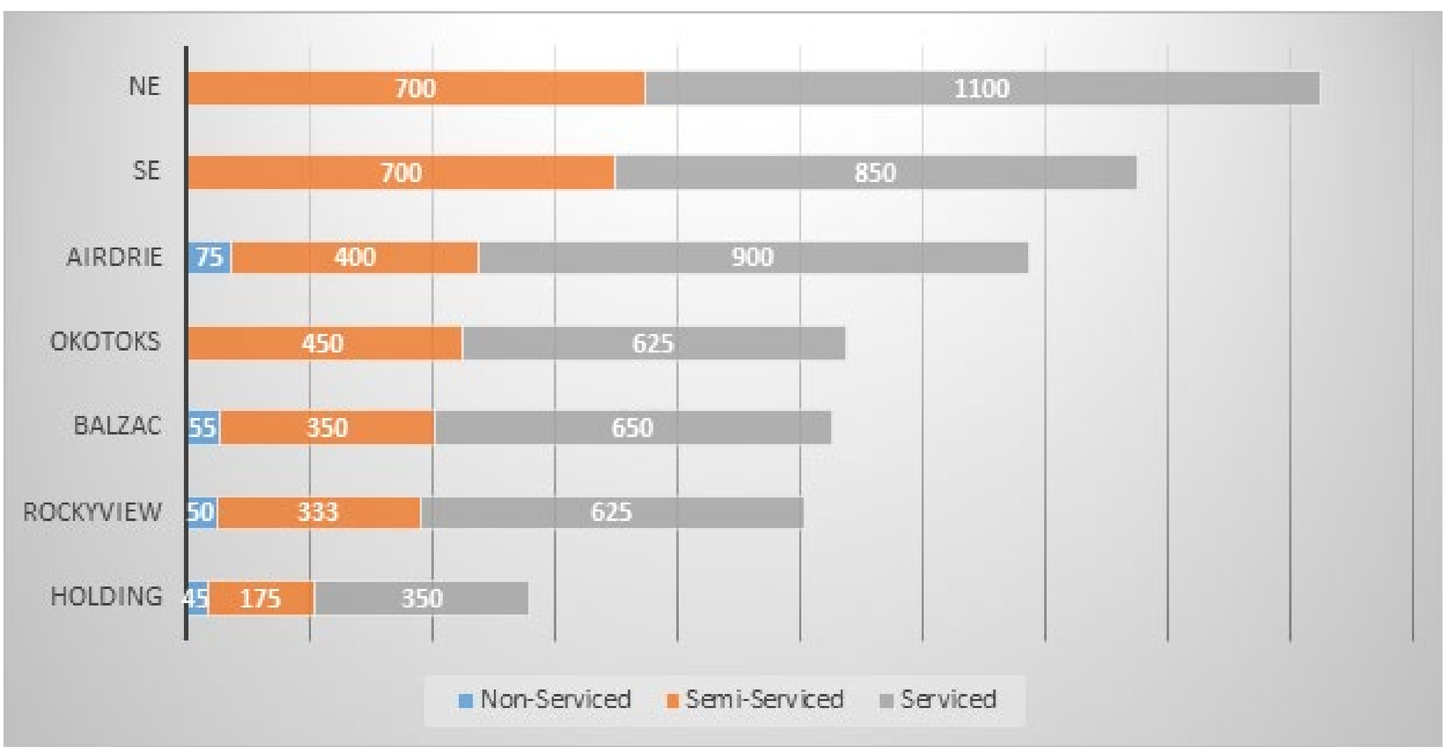
However, Calgary faces growing competition from neighboring Rocky View County, particularly Balzac, where industrial users benefit from up to 18% savings in net rental rates and operating costs due to lower development standards and the availability of larger land parcels. High Plains Industrial Park in Rocky View County, a 1,500-acre master-planned hub, continues to attract major tenants such as Walmart and Sobeys, benefiting from immediate access to Highway 2, Stoney Trail, and Calgary International Airport.

In Airdrie, the East Points Commercial Centre has emerged as a key development, offering 53.51 acres of shovel-ready industrial land. Okotoks continues to attract steady demand for smaller industrial parcels due to its proximity to Calgary and expanding infrastructure. Balzac remains a prime location for logistics and e-commerce, supported by its proximity to CrossIron Mills and intermodal terminals, although limited public transit and emergency service access pose challenges for smaller-scale developments.

Across the GCA, vacancy rates for industrial properties have tightened, with demand outpacing supply—particularly for parcels under 50,000 SF. This has created upward pressure on land values and lease rates compared to 2024.

Despite strong fundamentals, developers must navigate rising land costs and regulatory challenges. Calgary's Land Use Bylaw 1P2007 is currently under review to improve permitting efficiency and alignment across districts. While Okotoks and Rocky View County offer greater zoning flexibility and lower operational costs, Calgary remains attractive for users seeking well-serviced, accessible urban sites. The industrial land market is expected to remain active in 2025, contingent on coordinated regional planning and addressing cost competitiveness.

AVERAGE INDUSTRIAL LAND PRICES



* Prices are per acre x 1,000

South Central Market Industrial Update

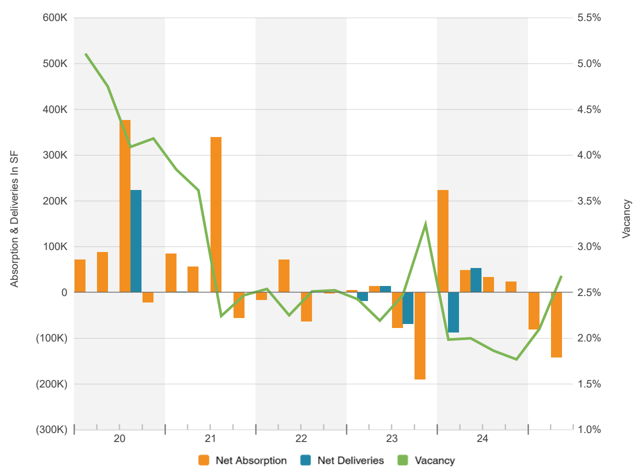
The Calgary South East Central industrial market experienced a notable shift in Q1 2025, recording –89,551 square feet of net absorption—a significant decline from +23,356 SF in Q4 2024. Submarkets such as Inglewood and Highfield saw the largest occupancy losses, while areas like Ramsay and Fairview remained resilient, posting positive absorption. Despite these headwinds, average net asking rents held firm or increased across most submarkets, with Fairview reaching $15.85/SF and Inglewood commanding a premium of $19.00/SF. This reflects sustained demand, particularly for small to mid-bay spaces under 25,000 SF, where competition remains high and available options limited. In the broader Calgary industrial landscape, fundamentals continue to favor landlords. New supply has moderated, with just over 2 million SF under construction citywide—much of it pre-leased or build-to-suit. Combined with limited availability of serviced industrial land and steady demand from 3PLs, manufacturers, and logistics users, this is expected to keep upward pressure on rents throughout 2025. Investor confidence has improved alongside the stabilization of interest rates, and developers are increasingly targeting infill opportunities as core land becomes more scarce. ESG-forward design—including solar-ready infrastructure and EV charging capabilities—is also gaining momentum, as tenants seek to future-proof their industrial footprints. Overall, while absorption may fluctuate on a quarterly basis, Calgary's industrial market remains fundamentally strong heading into mid-2025.

7.27%
CAP RATE

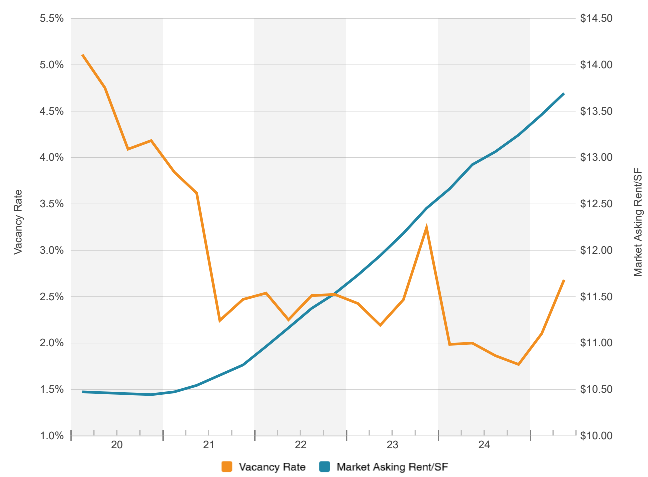
2.10%
VACANCY

$13.88
RENTAL RATE

Net Absorption, Net Deliveries & Vacancy



Vacancy & Asking Rent PSF



Area	Net Absorption SF (Q4 2024)	Net Absorption SF (Q1 2025)	Avg. Net Asking Rate (Q4 2024)	Avg. Net Asking Rate (Q1 2025)	Avg. Net Market Rate (Q4 2024)	Avg Net Market Rate (Q1 2025)	Market Cap Rate (Q4 2024)	Market Cap Rate (Q1 2025)	Vacancy (Q4 2024)	Vacancy (Q1 2025)	Availability (Q4 2024)	Availability (Q1 2025)
Inglewood	80,178	-47,339	/	$19.00	$12.30	$12.58	7.31%	7.26%	0.90%	2.10%	0.90%	2.10%
Ramsay	-31,015	23,515	$13.66	/	$11.75	$11.83	7.29%	7.25%	4.30%	2.30%	1.90%	2.30%
Alyth/Bonnybrook	6,679	-11,007	$17.05	$15.00	$12.99	$13.26	7.30%	7.26%	0.31%	0.62%	1.20%	0.90%
Highfield	5,766	-42,750	$11.63	$12.18	$12.72	$12.90	7.19%	7.14%	2.70%	3.70%	4.50%	4.60%
Burns Industrial	-14,361	-11,167	$16.75	$17.78	$13.26	$13.43	7.28%	7.24%	2.10%	2.30%	3.10%	3.90%
Manchester	-31,673	-3,817	$13.77	$13.71	$13.61	$13.83	7.15%	7.11%	1.70%	1.80%	4.20%	4.90%
Fairview	-2,340	8,595	$15.85	$15.85	$13.76	$13.97	7.14%	7.10%	1.10%	0.40%	1.00%	0.30%
East Fairview	10,122	-5,581	$13.49	$10.01	$13.86	$14.07	7.36%	7.31%	1.00%	1.30%	3.40%	3.70%
Total	**23,356**	**-89,551**	**$13.93**	**$13.88**	**$13.24**	**$13.46**	**7.31%**	**7.27%**	**1.80%**	**2.10%**	**3.20%**	**3.50%**

 Source: CoStar

South East Industrial Market

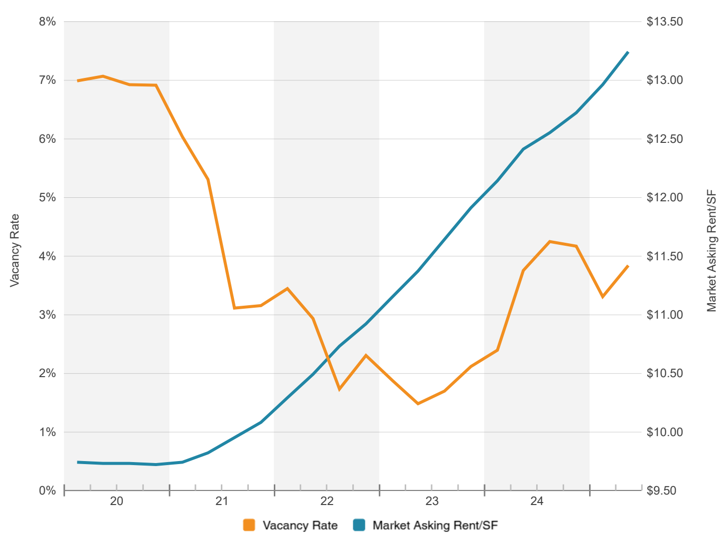
7.14% CAP RATE

3.30% VACANCY

$12.82 RENTAL RATE

The Southeast Industrial area maintained its strong performance into Q1 2025, posting 694,310 SF of positive net absorption, closely following Q4 2024's 703,416 SF. This consistent momentum reflects steady occupier demand, especially for modern, well-located properties. While submarkets like Wrangler (–75,321 SF) and Valleyfield (–11,750 SF) saw modest declines, they were outweighed by strong activity in Great Plains (+403,229 SF) and Foothills (+199,491 SF), two of the quarter's top-performing areas. Vacancy dipped from 3.49% to 3.13%, driven by strong leasing in key nodes—Great Plains fell to 2.90% and Shepard to just 1.00%. However, availability rose slightly in some areas due to new listings and sublease space, with Great Plains increasing from 9.40% to 12.00% and Valleyfield from 0.70% to 5.70%. Net asking rates remained fairly stable, edging down from $14.49/SF to $14.37/SF, while net market rents rose from $13.14 to $13.31, reflecting ongoing demand for quality space. Wrangler ($19.43/SF) and Frontier ($19.63/SF) commanded premium rates, while Forest Lawn ($7.22/SF) and Starfield ($12.39/SF) offered more affordable options. Cap rates saw minor compression, declining from 7.09% to 7.05%, signaling continued investor confidence amid steady fundamentals and stabilizing interest rates. Overall, the Southeast remains one of Calgary's most dynamic industrial hubs, supported by strong demand, active development, and resilient market fundamentals heading further into 2025.

South East Vacancy and Asking Rent Per Square Foot



Source: CoStar

Area	Net Absorption SF (Q4 2024)	Net Absorption SF (Q1 2025)	Avg. Net Asking Rate (Q4 2024)	Avg. Net Asking Rate (Q1 2025)	Avg. Net Market Rate (Q4 2024)	Avg Net Market Rate (Q1 2025)	Market Cap Rate (Q4 2024)	Market Cap Rate (Q1 2025)	Vacancy (Q4 2024)	Vacancy (Q1 2025)	Availability (Q4 2024)	Availability (Q1 2025)
Forest Lawn	-38,104	24,390	$8.49	$7.22	$12.23	$12.36	7.13%	7.08%	7.90%	7.20%	8.10%	8.70%
Eastfield	2,050	-950	$14.59	/	$13.07	$13.21	7.31%	7.27%	1.10%	1.20%	1.40%	1.20%
Golden Triangle	9,116	/	$14.47	$13.09	$15.09	$15.37	6.87%	6.82%	0.80%	0.80%	1.50%	1.10%
Valleyfield	17,851	-11,750	$12.36	$12.75	$12.19	$12.27	7.29%	7.25%	0.70%	1.40%	0.70%	5.70%
Foothills	-188,948	199,491	$10.26	$10.86	$11.81	$11.95	7.27%	7.22%	3.30%	2.40%	3.70%	3.80%
Starfield	193,412	54,842	$7.81	$12.39	$10.98	$11.08	7.20%	7.16%	4.70%	3.10%	11.60%	8.40%
Great Plains	125,652	403,229	$17.48	$18.41	$12.15	$12.26	7.02%	6.98%	7.20%	2.90%	9.40%	12.00%
South Foothills	-7,480	16,532	$15.71	$13.82	$13.00	$13.17	7.07%	7.03%	0.50%	0.20%	4.50%	0.90%
Shepard	-2,261	17,101	$15.91	$15.42	$14.52	$14.78	7.18%	7.13%	1.90%	1.00%	1.10%	1.70%
East Shepard	200,221	51,546	$15.84	$15.28	$12.50	$12.61	6.99%	6.95%	4.70%	4.50%	7.10%	5.80%
Shepard Industrial Park	13,633	-11,370	$14.07	$14.08	$13.71	$14.03	6.80%	6.76%	0.00%	0.20%	0.60%	0.40%
Wrangler	177,455	-75,321	$21.47	$19.43	$14.53	$14.75	7.18%	7.13%	3.50%	6.40%	8.70%	9.20%
Frontier	200,819	26,570	$19.94	$19.63	$15.05	$15.19	6.91%	6.87%	9.10%	9.40%	9.50%	10.00%
Total	**703,416**	**694,310**	**$11.36**	**$12.82**	**$12.72**	**$12.96**	**7.19%**	**7.14%**	**4.20%**	**3.30%**	**5.90%**	**5.60%**

Source: CoStar

North East Industrial Market

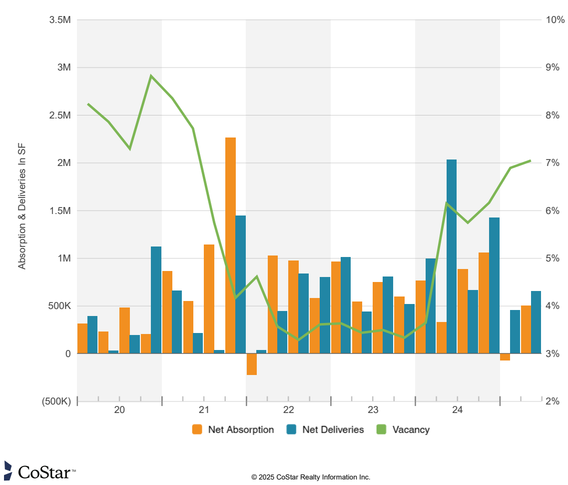
7.06% CAP RATE

6.90% VACANCY

$12.63 RENTAL RATE

The industrial real estate market in Northeast Calgary and the adjacent Rocky View County continues to demonstrate strength and resilience. With most of the new construction in Balzac now complete, we are beginning to see less volatility in vacancy rates. Balzac has hovered around 13% for the past few quarters, but that figure is expected to gradually decline as larger blocks of space continue to lease up. A notable recent announcement involved Princess Auto: GWL will be constructing a 605,000-square-foot warehouse for the retailer in Balzac, with occupancy slated for 2026. As of Q1 2025, the overall vacancy rate in Northeast Calgary and Rocky View County declined to 4.54%, reflecting improved leasing activity despite a net absorption of –56,570 square feet. Excluding Balzac, the vacancy rate in Northeast Calgary alone stands at 3.10%.

Net Absorption, Net Deliveries & Vacancy



Despite the surge in construction, most new development has been concentrated in Balzac and primarily targets large-bay industrial tenants. Meanwhile, small to mid-bay spaces remain scarce, leaving tenants seeking these types of units with limited options and elevated rental rates. The average asking net rent reached a new high of $13.51 per square foot in Q1 2025. Tenants are also contending with higher operating costs, driven by persistent inflation and rising property taxes in Calgary. In contrast, markets such as Balzac and Rocky View County continue to attract interest due to lower property taxes and the absence of business tax, making them more cost-effective alternatives for industrial users. Overall, while the market remains fundamentally strong, elevated rental rates are expected to persist through the remainder of 2025—particularly for small to mid-bay product. Vacancy is anticipated to remain stable as newly delivered space continues to be absorbed.

Area	Net Absorption SF (Q4 2024)	Net Absorption SF (Q1 2025)	Avg. Net Asking Rate (Q4 2024)	Avg. Net Asking Rate (Q1 2025)	Avg. Net Market Rate (Q4 2024)	Avg Net Market Rate (Q1 2025)	Market Cap Rate (Q4 2024)	Market Cap Rate (Q1 2025)	Vacancy (Q4 2024)	Vacancy (Q1 2025)	Availability (Q4 2024)	Availability (Q1 2025)
Balzac	608,958	322,249	$12.03	$10.58	$14.20	$14.26	6.58%	6.55%	13.00%	13.40%	13.80%	14.50%
Stoney 1	31,466	/	$11.50	/	$12.69	$12.72	7.00%	6.97%	0.00%	0.00%	0.01%	0.02%
Stonegate Landing	141,901	-57,540	/	/	$13.46	$13.48	6.80%	6.76%	17.20%	19.30%	21.90%	19.60%
Stoney 2	88,712	-71,726	$9.66	$11.58	$13.31	$13.39	7.05%	7.01%	6.60%	7.90%	8.10%	9.90%
Stoney 3	90,732	-6,044	$23.78	$24.37	$16.81	$17.18	7.03%	6.99%	1.40%	2.50%	1.70%	2.20%
Saddleridge Industrial	-12,200	-24,658	/	$11.00	$12.97	$13.08	7.30%	7.26%	1.90%	5.70%	8.70%	20.00%
Deerfoot Business Centre	50,266	-167,458	$12.94	$13.02	$12.55	$12.62	7.23%	7.20%	6.60%	12.00%	10.20%	11.70%
Skyline West	/	-8,582	$11.00	$11.00	$13.78	$13.95	7.39%	7.34%	0.00%	0.80%	1.10%	2.30%
Skyline East	3,060	-48,432	$13.29	$13.60	$13.32	$13.42	7.26%	7.22%	0.00%	2.20%	2.60%	3.50%
Westwinds	/	-1,200	$13.37	$18.07	$13.78	$13.92	7.29%	7.25%	0.00%	0.10%	0.40%	0.50%
Greenview Industrial Park	8,386	-29,952	$11.53	$14.05	$13.42	$13.66	7.07%	7.03%	0.30%	1.20%	1.90%	1.80%
McCall	-32,835	-41,805	$14.57	$13.73	$13.04	$13.18	6.98%	6.94%	2.20%	3.50%	5.80%	7.20%
Pegasus	34,103	/	$16.00	$11.76	$13.88	$14.10	7.00%	6.96%	0.40%	0.40%	6.50%	2.60%
North Airways	10,358	-23,606	$13.60	$12.67	$13.84	$14.00	7.24%	7.20%	0.60%	1.50%	1.00%	1.20%
Horizon	-6,027	150,404	$11.64	$13.02	$12.61	$12.71	7.36%	7.31%	5.30%	1.60%	5.90%	2.80%
South Airways	2,916	13,117	$10.94	$11.16	$12.98	$13.17	7.19%	7.15%	1.80%	1.50%	2.70%	2.80%
Sunridge	-531	5,280	$11.50	$10.00	$13.14	$13.29	7.29%	7.25%	3.30%	2.90%	12.30%	13.30%
Mayland	-2,614	-36,102	$13.16	$13.57	$11.72	$11.91	7.37%	7.33%	8.40%	10.10%	2.90%	3.80%
Meridian	-2,897	-16,098	$11.12	$13.84	$13.44	$13.60	7.13%	7.09%	2.40%	3.10%	6.20%	5.70%
Franklin	14,457	-14,417	$12.36	$12.58	$12.06	$12.51	7.55%	7.51%	0.50%	1.10%	0.90%	0.30%
Total	**1,028,211**	**-56,570**	**$12.47**	**$12.63**	**$13.50**	**$13.74**	**7.08%**	**7.06%**	**6.20%**	**6.90%**	**7.70%**	**8.10%**

Source: CoStar

DOWNTOWN OFFICE MARKET OVERVIEW

11.30%
CAP RATE

29.9%
VACANCY

$13.01
RENTAL RATE

Following two consecutive quarters of positive absorption, Calgary's Downtown office leasing market recorded its highest negative absorption since Q2 2022, with –340,000 square feet in Q1 2025. This decline was largely driven by Chevron's exit from the market and ongoing mergers and acquisitions within the energy sector. The overall vacancy rate rose from 28.3% to 29.9%, and this upward trend is expected to continue over the coming quarters amid global economic uncertainty and declining oil prices. Despite negative absorption, average net rental rates increased from $12.32 in Q4 2024 to $13.01 in Q1 2025, suggesting that demand for quality space remains resilient. Cap rates held steady at approximately 11.3%. Sublease vacancy across all classes remained relatively unchanged at 15.2%, indicating a trend toward more lease renewals. Much of the desirable sublease inventory has already been absorbed, leaving tenants with fewer options. Many companies occupying high-quality space have opted to renew their leases rather than face the higher costs and complexities associated with new headleases, build-outs, and relocation. With construction costs still elevated, renewals and expansions continue to be a more cost-effective and strategic choice. Office-to-residential conversions also remain a key trend in Calgary's Downtown core. The HAT at Eau Claire recently became the second office conversion to be completed, adding 87 new rental units to the market. Another dozen projects are currently underway, with five buildings slated for completion in 2025.

MAJOR LEASING TRANSACTIONS

TENANT	BUILDING NAME/ADDRESS	SQAURE FEET
University of Calgary	801 - 7th Avenue SW	152,000
Steelhaus Technologies	City Centre	25,000
National Bank	Bankers Court	23,000
Bonterra Energy	Penn West Plaza	22,000

 Source: CoStar

SUBURBAN OFFICE MARKET OVERVIEW

The Suburban Office Market continued to follow the trend observed in 2024, with positive absorption and declining vacancy rates. This momentum is largely driven by increased demand from Calgary's growing population, particularly within the education, medical, child care, and social services sectors. The Beltline market also saw a decline in vacancy, bolstered by the removal of two buildings from the office inventory due to upcoming residential conversions: Joffre Place (708 11 Avenue SW) and Connaught Centre (1207 11 Avenue SW). While tariffs have not impacted the office market as significantly as the industrial and retail sectors, they have added to already high construction costs. This has further strengthened demand for move-in-ready office space. Landlords are responding with more flexible and creative approaches to mitigate these cost pressures—such as offering turnkey solutions, amortizing tenant improvement costs over longer lease terms, and reusing existing improvements—helping transactions move forward despite the challenges. The Suburban and Beltline markets are expected to remain active through 2025, although activity may moderate compared to the past two quarters as demand from the education, medical, and social service sectors stabilizes. Additionally, the upcoming federal election could influence market dynamics, depending on policy changes that may affect Calgary's broader economic and real estate landscape.

11.90%
CAP RATE

18.30%
VACANCY

$15.76
RENTAL RATE
(SUBURBAN)

RETAIL MARKET OVERVIEW

Calgary continues to lead the nation in population growth, posting a 5.8% increase. The city also boasts the highest personal income per capita among Canada's major metropolitan areas, reinforcing its position as a highly attractive destination for employers. Brick-and-mortar retail momentum remains steady. Physical storefronts continue to play a vital role in consumer shopping habits, with shopping centre occupancy now at decade-high levels. Retail frontage has become increasingly important as multi-channel strategies evolve—blending online and in-store shopping experiences. Retailers that successfully integrate experience and convenience are best positioned to thrive in 2025.

Core retail sales continue to be led by non-discretionary merchandise, such as food and beverage, reflecting consumers' adjustment to the rising cost of living. Investors are attuned to this trend and are prioritizing tenant quality, favouring longer lease terms, stable cash flows, and strong covenants. Grocery-anchored centres remain the preferred asset type, with demand for this space outpacing supply.

SALES TRANSACTIONS

While retail investment began 2024 at a slower pace, activity surged by year-end. Total transaction volume reached over $800 million across 36 sales, with an average cap rate of 6.9%. This resurgence in investor demand marked a new all-time high for total investment in the asset class. Notably, owner-users made up a significant share of the buyer pool in 2024 and continue to be active in 2025.

CAP RATES

Government of Canada 10-year bond yields have fluctuated between 2.8% and 3.6% throughout 2025, recently trending above 3.2%. This upward movement has continued steadily since May 2020. In response, cap rates for regional, community grocery, and neighbourhood centres have also increased, now approaching 6.5–7.0%. Investors can generally expect sale prices within this cap rate range. Ideally, lenders will maintain a consistent interest rate spread to mitigate risk and preserve attractive returns at current market pricing.

INTEREST RATES

On April 16, the Bank of Canada held its overnight policy rate steady at 2.75%, following seven consecutive rate cuts over the past 12 months. Commercial lending rates have generally followed suit; however, lenders are applying increased scrutiny based on loan size, asset class, asset quality, and purchaser financial strength. Extended timelines to secure financing commitments remain a significant obstacle to deal flow.

VACANCY & DEMAND

As of April 2024, Calgary's population was estimated at 1,491,900—an increase of 70,000 over the year. For 2025, projections suggest a more moderate growth of 1.5% to 2.3%, with about 28,000 new residents expected, largely due to reduced federal immigration targets. Nonetheless, Calgary continues to welcome a steady influx of new consumers daily.

Retail vacancy remains low across the city, currently sitting below 4.4%. The Northwest quadrant is the tightest submarket, reporting sub-1.0% vacancy. Retail demand continues to outpace supply, with availability decreasing across nearly all property types. Calgary now ranks among the tightest retail markets in North America. In response, retail development has begun to pick up after a quiet start to 2024. Net lease rates, flat for several years, have started to trend upward amid rising demand and constrained availability.

Significant retail construction is underway as of late 2024, with several large-scale projects currently at the permitting stage. 2025 is expected to deliver multiple major developments to meet surging retailer demand.

Area	Net Absorption SF (Q4 2024)	Net Absorption SF (Q1 2025)	Avg. Net Asking Rate (Q4 2024)	Avg. Net Asking Rate (Q1 2025)	Avg. Net Market Rate (Q4 2024)	Avg Net Market Rate (Q1 2025)	Market Cap Rate (Q4 2024)	Market Cap Rate (Q1 2025)	Vacancy (Q4 2024)	Vacancy (Q1 2025)	Availability (Q4 2024)	Availability (Q1 2025)
North West	/	-5,729	$22.25	$20.88	$14.12	$14.40	7.35%	7.31%	0.00%	0.40%	0.40%	2.40%
North East	423,976	-393,677	$12.51	$12.95	$13.15	$13.28	7.18%	7.14%	3.60%	4.40%	5.30%	5.50%
South West	23,356	-96,401	$13.93	$13.88	$13.22	$13.43	7.23%	7.18%	1.70%	2.00%	3.10%	3.40%
South East	325,142	755,858	$10.67	$12.16	$12.43	$12.58	7.10%	7.05%	3.60%	2.70%	5.30%	5.00%
Downtown/Beltline	/	-1,200	$13.00	$21.73	$15.15	$15.37	7.20%	7.16%	1.80%	1.90%	1.80%	1.90%
Total	**772,474**	**258,851**	**$27.89**	**$26.64**	**$29.81**	**$30.47**	**6.66%**	**6.52%**	**2.42%**	**2.40%**	**3.12%**	**3.42%**

WHAT'S NEXT?

The impact of proposed U.S. tariffs on Canadian goods remains uncertain, as trade policy continues to evolve under the current U.S. administration. The magnitude and speed of recent changes in U.S. trade direction are unprecedented, creating volatility in the outlook.

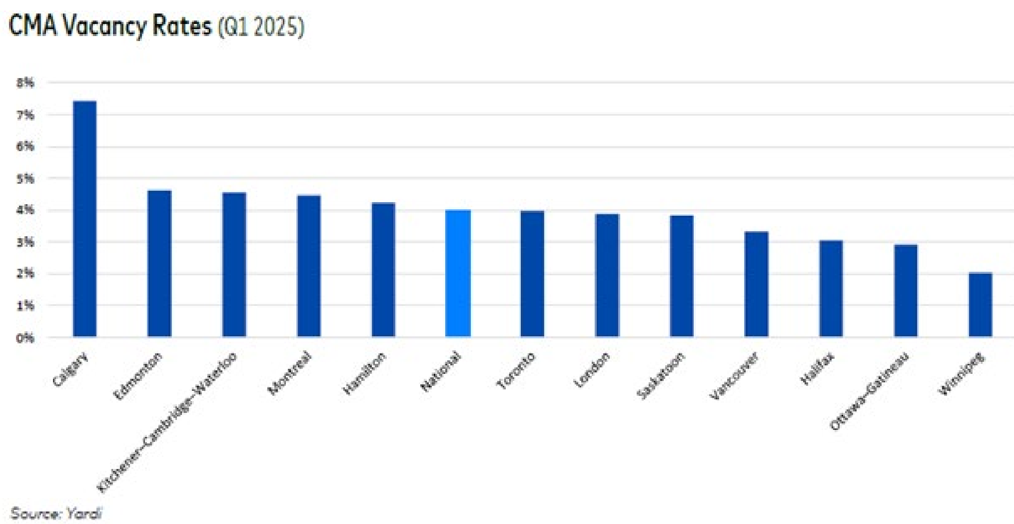
Interestingly, the Canadian dollar has strengthened against the U.S. dollar in recent months, partially due to the latter's decline. This has benefited Canadian consumers and businesses in the short term, but a reversal could bring mixed outcomes. A weaker Canadian dollar could fuel inflation—raising import costs and the price of materials—placing further strain on the development side of commercial real estate. However, a weaker dollar could also boost foreign investment, effectively putting Canadian commercial real estate "on sale" for global investors, particularly those in Asia and Europe.

Domestically, there may be silver linings. Sectors such as retail, hospitality, and tourism could benefit from increased domestic spending driven by a "Buy Canadian" sentiment. These trends may influence investment activity and retail expansion strategies heading into the second half of 2025.

MULTI-FAMILY MARKET OVERVIEW

RENTAL MARKET

Calgary's multifamily rental market in 2025 is marked by a substantial increase in supply, driven by record-setting construction activity. In 2024, the city delivered 1,836 new purpose-built rental units. This influx has led to a moderate rise in vacancy rates, climbing from 4.7% in 2024 to an estimated 7.4% in 2025, according to Yardi. Despite the growth in supply, Calgary's population continues to expand at a pace that exceeds the addition of new rental stock. Between 2020 and 2025, the city added approximately 141,000 new residents, supporting continued demand for rental housing. The average rent for a two-bedroom unit is projected to increase from $1,859 in 2024 to $1,922 in 2025. One-bedroom rents now range between $1,800 and $2,200 per month, with some premium units achieving rates of $3.00 to $3.50 per square foot. The development pipeline remains strong, with 6,550 units currently under construction across 282 active projects. Key areas of growth include the Beltline/East Village, Eau Claire/West Village, and the Inner Northwest. In 2025 alone, 2,260 new units across 29 major projects are expected to be delivered to Calgary's rental market.



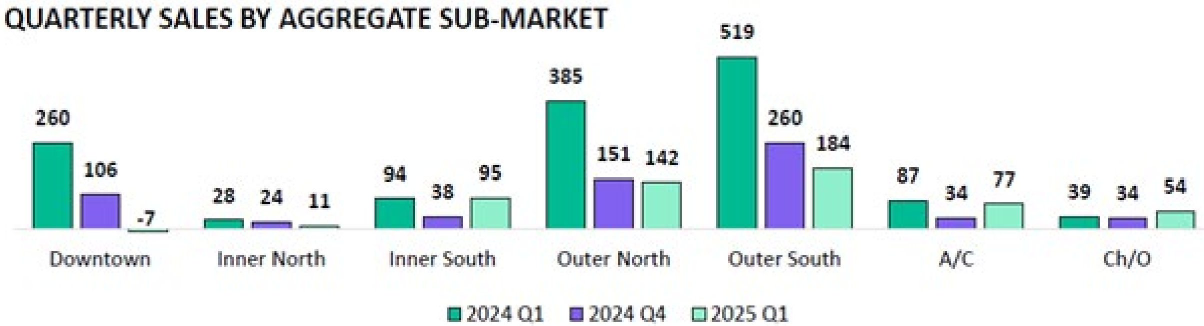
CONDOMINIUM MARKET

According to Zonda Urban, 556 new multi-family home sales were recorded in Calgary during the first quarter of 2025—the lowest Q1 total since 2017. This marks a 60% year-over-year decline in sales activity. Despite the overall slowdown, the Inner South sub-market recorded the most significant quarterly growth, with a 150% increase in sales. It also led all sub-markets in total volume, accounting for 33% of all new multi-family transactions in Q1 2025. Conversely, the Downtown sub-market experienced the sharpest decline, with sales falling by 107%, followed by the Inner North, which posted a 54% drop.

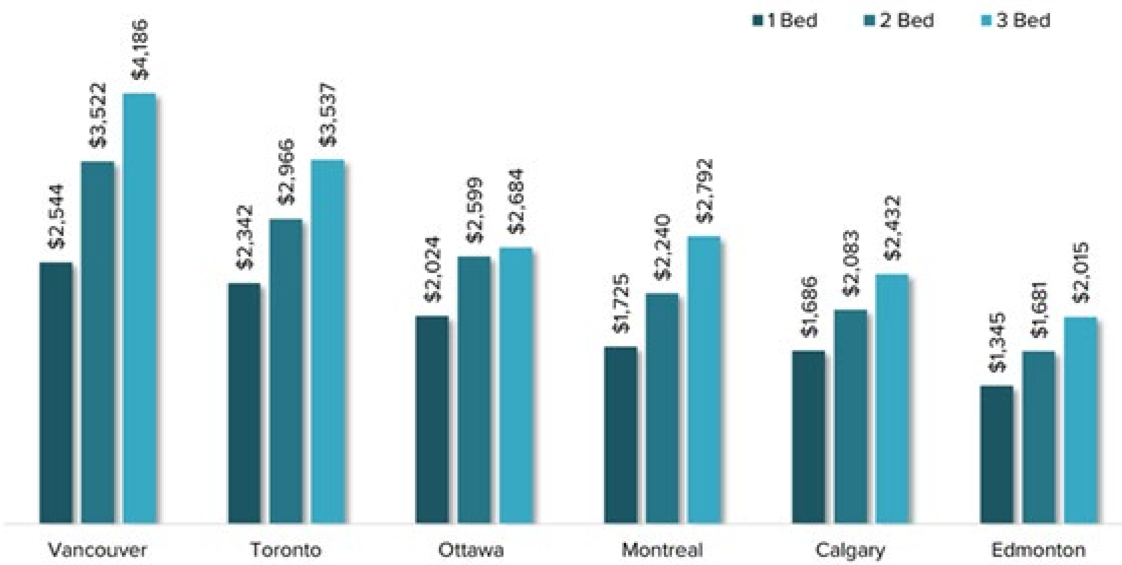
Mission Flats | 320 19 Avenue SW | Constructed By Advent Development Corporation

QUARTERLY SALES COMPARISON BY SUB-MARKET

	Downtown	Inner North	Inner South	Outer North	Outer South	A/C	Ch/O	Total
Q4-2024	106	24	38	151	260	34	34	**647**
Q1-2025	-7	11	95	142	184	77	54	**556**
% Δ	**-107%**	**-54%**	**150%**	**-6%**	**-29%**	**126%**	**59%**	**-14%**



AVERAGE ASKING RENT BY BEDROOM TYPE FOR THE 6 LARGEST MARKETS PURPOSE-BUILT & CONDOMINIUM RENTAL APARTMENTS: MAR 2025



Source: Urbanation Inc, Rentals.ca Network

OUTLOOK

Looking ahead, Calgary's commercial real estate market is expected to maintain a balanced trajectory. While the influx of new rental units may cause a temporary uptick in vacancy rates, the city's strong population growth and ongoing economic diversification are anticipated to support continued demand for both rental and condominium properties. Investors and developers should remain attentive to evolving market dynamics and be prepared to adapt strategies to capture emerging opportunities.

We are geared to handle all our clients' needs under one roof. We specialize in buying, selling and leasing of Commercial Real Estate as well as Property Management, Consulting and Group Investment.

Our goal is to provide a collaborative personalized approach with our clients in creating superior real estate solutions. We offer a unique project-driven approach to the industry which encourages a more long-term strategy than just simply buying, selling, or leasing a property. By doing so, we are able to offer more value to our clients.

OUR BROKERAGE

NAI Advent is a full service commercial real estate firm located in Calgary Alberta Canada

We are locally owned and operated yet we have the advantage of being part of one of the largest commercial real estate networks in the world: NAI Global. NAI Global offices are leaders in their local markets and work in unison to provide clients with exceptional solutions to their commercial real estate needs. NAI Global has more than 400 offices strategically located throughout North America, Latin America, Europe, Africa and Asia Pacific, with over 7,000 local market professionals, managing in excess of 425 million square feet of property. Annually, NAI Global completes in excess of $20 billion in commercial real estate transactions throughout the world.

Our membership in NAI Global keeps our firm on the leading edge of the industry, while allowing us to maintain our local ownership and hometown loyalty. We benefit from the resources of a "corporate office" and hundreds of affiliated account executives worldwide without getting bogged down in bureaucracy. This arrangement makes it possible for us to take advantage of the best resources NAI has to offer and integrate them into a market-specific, and even client-specific approach.

NAI Advent is a progressive full service commercial real estate brokerage serving our five-county area, providing our brokers and their clients with a quality and quantity of services unmatched by our competitors. With our broad based list of specialists in house, we offer a unique project driven approach to real estate which encourages a more strategic and long term strategy than just simply buying, selling, or leasing a property. By doing so, we are able to offer more value-add to most types of commercial real estate.

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OUR SALES TEAM

NAI Advent offers peace of mind that comes from knowing your real estate needs are in capable hands. We take a unique project-driven approach to commercial and industrial real estate which encourages a more strategic and comprehensive focus than just buying, selling or leasing. Our knowledgeable professionals offer extensive experience in their disciplines and a proven track record of successful commercial real estate projects.

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PROPERTY & ASSET MANAGEMENT

NAI Advent actively manages properties for both investors and owner occupiers to help enhance investment returns. Our wide range of property management capabilities extends to all types of properties, from office, to industrial, to retail facilities. In all instances, our day to day focus ensures properties are managed with quality care and attention to detail and in lock-step with our leasing team to ensure value is maximized whenever possible.

Our services include:

- Financial Management
    - Full accounts receivable and account payable accounting
    - Comprehensive monthly Property Management reports
    - Banking; Monthly financial statements and analysis
    - Annual Budgeting; Financial reporting
    - Annual Operations cost reconciliations
- Property Management Services
- Renewals and Leasing Service
- Owner/Client Liaison

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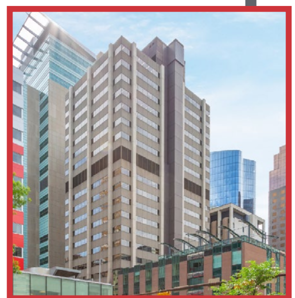
NAI Advent

FEATURED LISTINGS

3122 114 AVENUE SE

Professionally developed by Telsec Property Corp, this high-quality standalone building features HVAC throughout, a full kitchen with patio access, large boardroom, flexible office layouts, and ample parking. Ideal for office, showroom, or light industrial use. **Contact Kaile Landry or Jennifer Myles for details.**



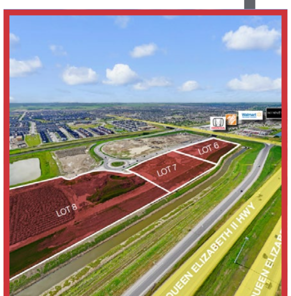
633 6 AVENUE SW

FORD TOWER

Ford Tower is a 20 storey, high quality office building with approximately 150,000 square feet of office, located centrally in Calgary's downtown core and directly adjacent to the Court House. Surrounded by an abundance of amenities and easy access to the +15 system.

3 floors already leased

Contact Rick Wong for more details.



SOUTH POINT VILLAGE

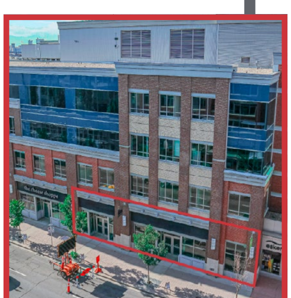
Located in the South Point Village commercial district, this high-exposure development opportunity offers premium visibility along QEII Highway in Airdrie, one of Alberta's fastest-growing cities. Surrounded by new residential development and supported by strong population growth, this site is ideal for retail, office, or service-oriented users.

Contact Jamie Coulter for more details.

233193 RANGE ROAD 283

Purpose-built for fabrication, service, or manufacturing, this engineered steel building in The Forty features a reinforced floor for a 10-ton crane, oversized overhead doors with sunshine panels, sprinkler system, 12,000 CFM make-up air, sump system, and high-efficiency LED lighting. Ideal for heavy-duty industrial use.

Contact Aaron Gunn or Tyler Guluche for more details.



1015 9 AVENUE SE

Ideally situated on 9th Avenue SE in an amenity rich class A building. In the heart of Inglewood. Daily traffic count - 64,000 VPD. Co-Tenants: Lina's Italian Market, Gravity Coffee, Espy, Joodam Drink & Talk (Korean Restaurant).**Contact Chris Howard for more details.**

1125 KENSINGTON ROAD NW

7,484 SF across four stories. Turnkey restaurant opportunity on the main, second, and third floors, offering seamless setup for food and beverage operators. Fourth-floor space suitable for office or additional commercial uses.

Contact Brian West for more details.

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- Costar
- Zonda Urban
- Government of Alberta
- ATB Economics
- TD Economics
- Deloitte
- RBC Economics

Local Knowledge & Global Reach

5,800+
Professionals

65
Countries

$20 Billion
Total Transaction Volume

325+
Offices

1.5 Billion
Total 2022 Gross Revenue

1.1 Billion
Square Feet Managed

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