

# MARKET REPORT

Office  
Calgary Metro Area

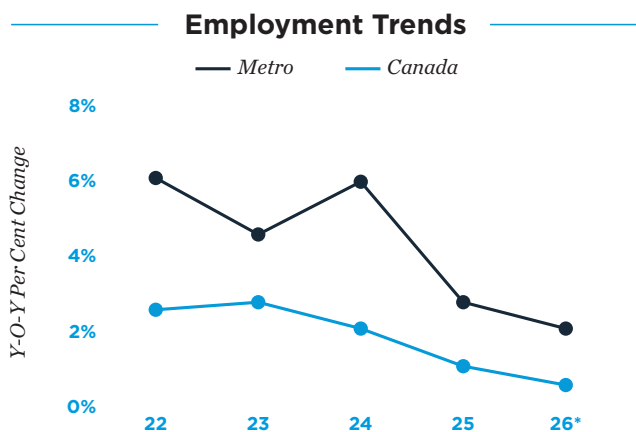
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2Q/26

## Conversions and Capital Reset Reshape Calgary's Office Market

**Suburbs are outperforming.** Calgary's suburban office market is benefiting from stronger population-driven demand, with construction, education, healthcare, childcare, and social service tenants expanding to serve a larger resident base. This has supported broad-based leasing across suburban nodes, while downtown demand remains more concentrated among energy, finance, law, and other corporate users. Although energy firms continue to anchor the core, recent M&A activity and rightsizing have added sublease space, weighing on downtown fundamentals. Still, Calgary's economic outlook is relatively strong, with the Major Projects Office and potential for a new oil pipeline as tailwinds for office-using employment. Infrastructure investment and potential energy-related projects could help improve downtown demand over the longer term.

**Conversions helping rebalance the market.** After more than a decade of elevated vacancy, Calgary's office-to-residential conversion program is removing obsolete space from the downtown inventory and helping to support a healthier long-term supply-demand balance. Since 2021, 3.6 million square feet of office space has been removed, including 2.8 million square feet downtown. With additional public funding now available, more projects should move forward, helping reduce excess office inventory, add residents to the core, and improve downtown vibrancy. These factors could gradually support office fundamentals, even if near-term vacancy remains elevated.



\* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

## Office 2026 Outlook



**20,000  
JOBS**  
*will be created*

### EMPLOYMENT

Job growth in Calgary is forecast to outpace the national average in 2026, at 2 per cent. This will be driven by continued population inflows, a resilient energy sector, major infrastructure investment, and expanding diversification across emerging industries.



**0  
SQ. FT.**  
*will be completed*

### CONSTRUCTION

Elevated vacancy over the past decade, driven by energy market volatility, has constrained development since 2017. This trend will persist through 2026, with no new deliveries and a growing focus on office-to-residential conversions amid public incentives.



**130  
BASIS POINT**  
*decrease in vacancy*

### VACANCY

With no new supply and the continued removal of obsolete inventory, improving demand driven by an outperforming economy is expected to push vacancy down to roughly 16 per cent in 2026 — the lowest level since 2016.

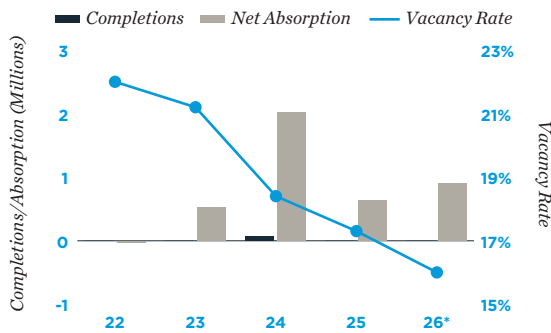


**7.2%  
DECREASE**  
*in asking rent*

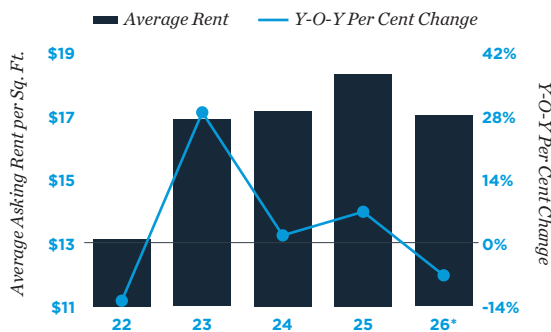
### RENT

The average asking rent is expected to decline from late 2025, largely reflecting a compositional shift after a surge in higher-quality space pushed the average up by over \$2 per square foot in the final quarter of last year. Excluding this effect, rents have generally trended upward since early 2025.

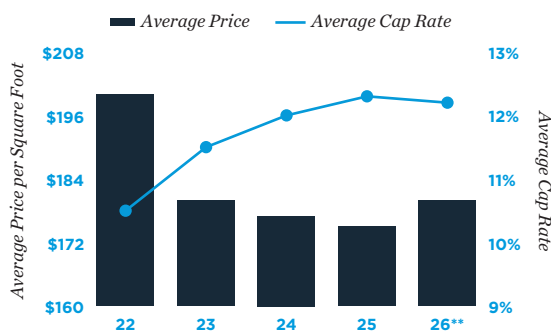
## Supply and Demand



## Rent Trends



## Sales Trends



\* Forecast \*\* Through 1Q

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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## 1Q 2026: Trailing 12-Month Period



### CONSTRUCTION

0 sq. ft. completed

- Despite some medical office space being added in the second half of 2024, the ongoing trend of no office deliveries continued over the past year.
- Amid persistently elevated vacancy following overbuilding and the oil downturn, Calgary has accelerated office-to-residential incentives, removing roughly 3.6 million square feet of office space over the past four years.



### VACANCY

70 basis point decrease in vacancy Y-O-Y

- Net absorption briefly turned negative in mid-2025 amid uncertainty, though leasing has broadly trended upward since late 2022. With positive absorption in all but two quarters, vacancy fell below 16 per cent.
- While energy firms are helping downtown vacancy, the suburbs continue to outperform. Vacancy sat at nearly half the metrowide rate at 8.5 per cent.



### RENT

17% increase in the average asking rent Y-O-Y

- The average asking rent has generally improved since early 2023, though a sharp drop in the first quarter of 2025 — driven by more lower-quality space coming online — skewed annual growth higher over the past year.
- Suburban rents continue to outperform, rising 22 per cent over the past year. In contrast, downtown asking rents continue to come under pressure.

## Investment Highlights

- Office investment in Calgary improved last year. While total trades remained generally stable, dollar volume nearly doubled to a 12-year high amid some high-profile sales. These included multiple assets tied to CPP Investments' partial interest portfolio sale to Oxford Properties, a downtown residential conversion project, and the \$60 million sale of Imperial Oil's Quarry Park campus. That said, dollar volume was still below previous highs set in 2007-2008 and 2011-2013, when oil markets were running hot.
- In recent years, several institutional owners — like Cadillac Fairview, Sun Life, Oxford Properties, and GWL — have exited downtown holdings. The \$60 million Imperial Oil sale, down sharply from \$417 million a decade earlier, underscores the extent of repricing. Overall, office values have reset meaningfully, with the average sale price nearly half its 2016 level and the average cap rate expanding by 470 basis points to 12.2 per cent.
- With institutional capital largely on the sidelines, private investors and developers led acquisition activity, leveraging greater risk tolerance and more attractive pricing. Some have been targeting assets aligned with office-to-residential conversion incentives offered by the City of Calgary.