

MARKET REPORT

Multifamily
Calgary Metro Area

IPA INSTITUTIONAL
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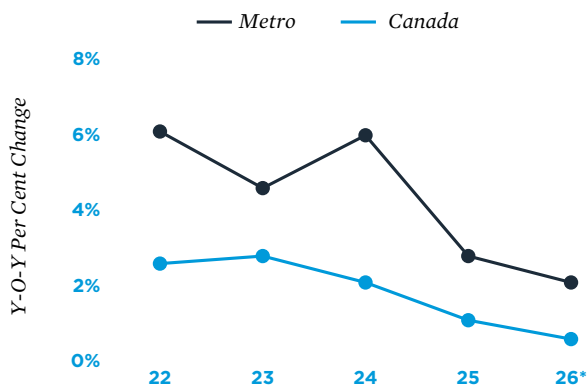
2Q/26

Demographic Tailwinds and Energy Sector Strength Bolster Retail Performance

A resilient local economy supports space demand. Calgary's retail sector outperformed the national average in 2025, with leasing momentum improving in the second half of the year after a subdued start. Although net absorption moderated, vacancy remained broadly stable as new supply fell sharply. Market resilience was supported by continued population growth and higher oil production following the completion of the Trans Mountain pipeline expansion, which broadened Alberta's export capacity. These factors are expected to continue supporting space demand in 2026. While federal immigration targets have been reduced, ongoing domestic in-migration should sustain population gains and support retail foot traffic. In addition, the current conflict in the Middle East has lifted oil prices; if sustained, stronger energy-sector employment could materialize, helping to boost consumer spending and mitigate trade-related uncertainties.

Vacancy rate to inch higher as supply growth tops absorption. Following a drop in completions last year, retail construction is expected to pick up in 2026. Calgary's ample land availability and continued population inflows have encouraged development across various suburban retail formats, including mixed-use projects and stand-alone neighbourhood shopping centres. Developers are increasingly focusing on projects that align with expanding suburban communities, where demand for daily-needs retail remains solid. With supply growth expected to slightly outpace leasing demand, the vacancy rate is projected to edge up modestly this year.

Employment Trends



* Forecast

Retail 2026 Outlook



**20,000
JOBS**
will be created

EMPLOYMENT

Amid still-positive population growth driven by the intake of permanent residents and domestic migrants, Calgary's job growth is projected to remain above the national average. However, job creation is expected to decelerate as trade-related uncertainty lingers.



**1.5 MILLION
SQ. FT.**
will be completed

CONSTRUCTION

Completions are projected to double last year's level, with multiple strip and neighbourhood centres slated to open in suburban submarkets. West Springs Landing — a 180,000-square-foot neighbourhood centre in southwest Calgary — will be the largest addition.



**30
BASIS POINT**
increase in vacancy

VACANCY

The vacancy rate is expected to remain on an upward trajectory as a large increase in completions outpaces leasing momentum. Despite the loosening of market conditions, the share of unoccupied space will remain low, staying below 3 per cent.

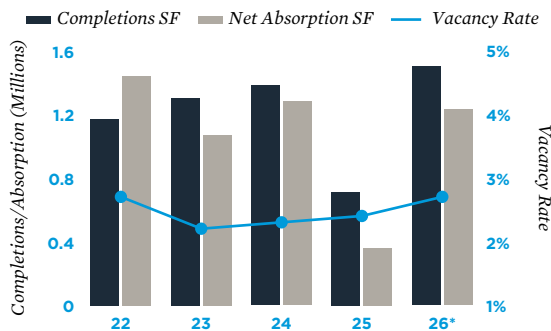


**0.5%
INCREASE**
in asking rent

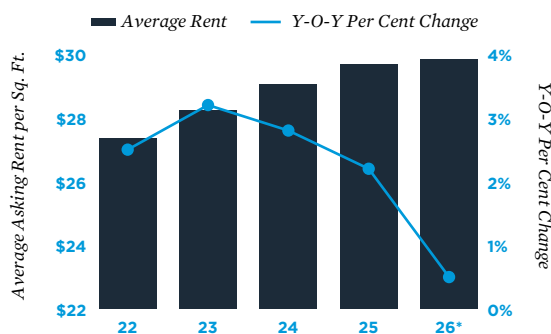
RENT

Annual rent growth is expected to continue easing as the vacancy rate rises. However, areas experiencing robust population growth and large regional malls with limited supply pressure may see higher rent increases. The average asking rent is likely to approach \$30 per square foot by year-end.

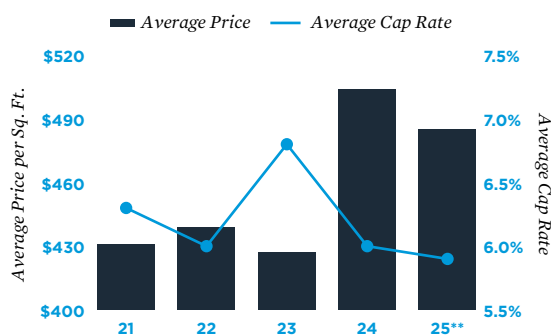
Supply and Demand



Rent Trends



Sales Trends



* Forecast; ** Preliminary estimate

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4Q 2025: Trailing 12-Month Period



CONSTRUCTION

714,000 sq. ft. completed

- Construction activity was concentrated in suburban areas, with the Airdrie and Southwest submarkets leading the way, welcoming 300,000 square feet.
- Almost all projects were small- to medium-sized storefronts. The largest addition was a 64,000-square-foot retail space within a neighbourhood centre in the Southwest submarket.



VACANCY

10 basis point increase in vacancy Y-O-Y

- As total inventory expanded at a slightly faster pace than net absorption, the vacancy rate rose modestly.
- Downtown leasing momentum picked up significantly in the final quarter, with roughly 87,000 square feet absorbed. This accounted for 56 per cent of vacant space downtown, helping offset increases in vacancy rates elsewhere.



RENT

2.2% increase in the average asking rent Y-O-Y

- Rent growth peaked at 3.2 per cent in 2023 and has since slowed. The rate of increase picked up briefly in the first quarter of 2025 but fell back for the remainder of the year as the pace of absorption decelerated.
- The average asking rent rose fastest downtown, up 2.5 per cent. Wheatland County and the outlying region saw the slowest growth at 1.1 per cent.

Investment Highlights

- While reporting delays prevent a full-year evaluation of 2025 transaction activity, data through the third quarter indicate a 21 per cent year-over-year decline in dollar volume. This drop was largely driven by unusually high property sales in the second quarter of 2024, when changes to the capital gains tax prompted the finalization of larger deals ahead of a higher inclusion rate. Excluding deals over \$20 million, investment activity remained robust, with dollar volume between the first quarter and third quarter rising 34 per cent year-over-year.
- Suburban food- and grocery-anchored retail properties continued to attract investor interest, as essential-focused space was better positioned to withstand ongoing demographic and economic challenges. Positive absorption rates and limited new supply in suburban submarkets helped support stable returns, reinforcing their appeal.
- Domestic private investors continued to dominate the market in 2025, with dollar volume remaining stable at roughly \$360 million. Public-sector investment rose 63 per cent, highlighted by CT REIT's \$55 million acquisition of NorthPointe Town Centre from Primaris REIT.