



Calgary office market report

Q4 2023

**AVISON
YOUNG**

Calgary office market fundamentals

26.9%

Downtown overall vacancy rate
down -0.3% from the previous quarter

24.8%

Beltline overall vacancy rate
down -0.9% from the previous quarter

15.6%

Suburban overall vacancy rate
down -0.4% from the previous quarter

119,933

Square feet (sf) of Downtown absorption
Q4 2023

36,367

sf of Beltline absorption
Q4 2023

112,130

sf of suburban absorption
Q4 2023

What's the scoop?

Adaptability and resilience for downtown

Calgary's office market demonstrated its resilience and adaptability in a year that was marked with instability. The downtown area recorded two straight quarters of positive absorption, accompanied by a slow but steady trend of declining vacancy. Vacancy in class AA space remains relatively low, as the flight to quality movement continues to gain momentum. This trend significantly influences the decisions of the city's largest energy sector tenants, and future absorption swings are likely to be affected by several pending legacy lease expirations on the horizon.

Meanwhile, office investment activity picked up, with several transactions occurring at the year's end for assets with more office use upside rather than residential conversion potential. Additionally, the City of Calgary closed the funding stage of its residential conversion program, announcing the final properties included under the under the initial scope.

Beltline and suburbs rebound

Slow and steady declines in vacancy were observed in both the Beltline and the suburbs as well. The Beltline experienced two consecutive quarters of positive absorption, which contributed to a reduction from the record high vacancy seen in Q2 of this year. However, this submarket still faces challenges as it competes with both downtown and the suburbs, offering only a middle ground between affordability and convenience.

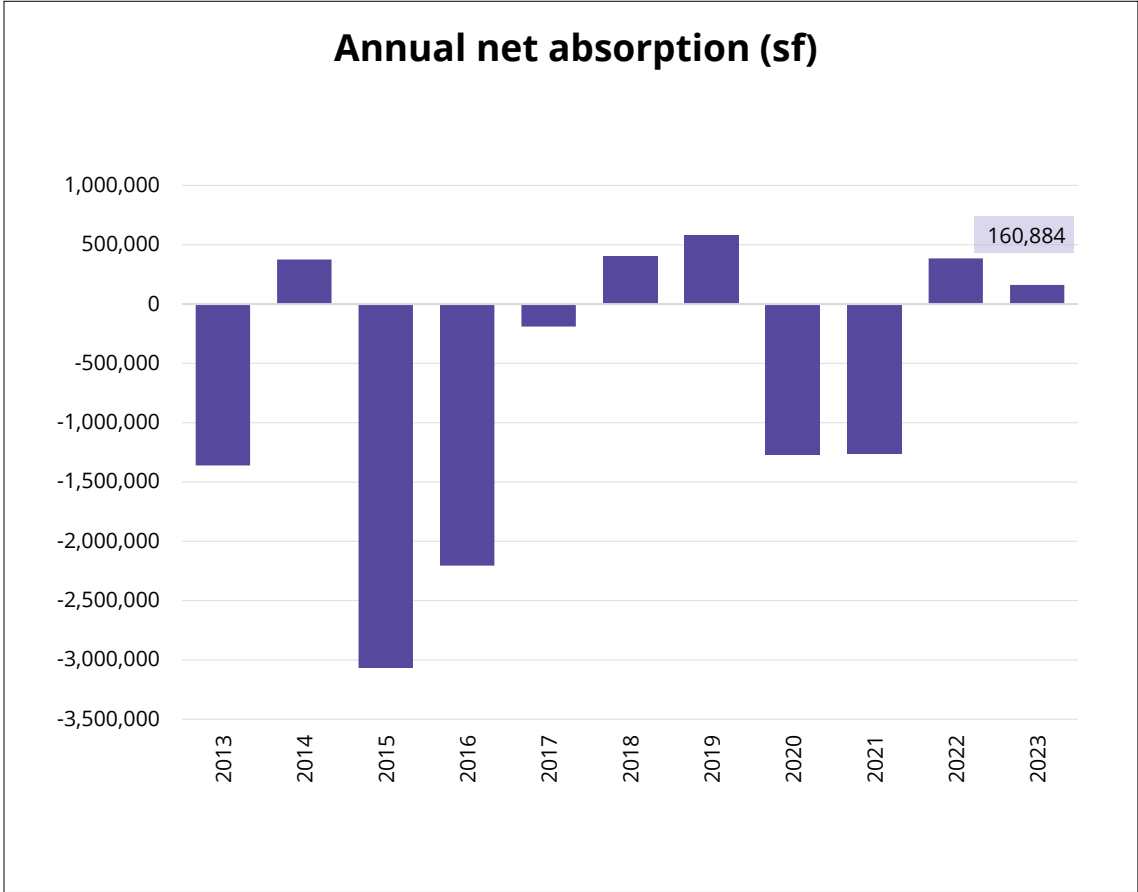
Suburban markets have also demonstrated perseverance, recording three consecutive quarters of positive absorption and declining vacancy rates in both the north and south submarkets. Class A suburban spaces continue to experience strong demand and have been the main drivers of activity. These properties offer desirable amenities, along with easy access, ample parking, and proximity to residential areas, making them increasingly attractive to businesses looking to draw more employees to the office.

Our point of view

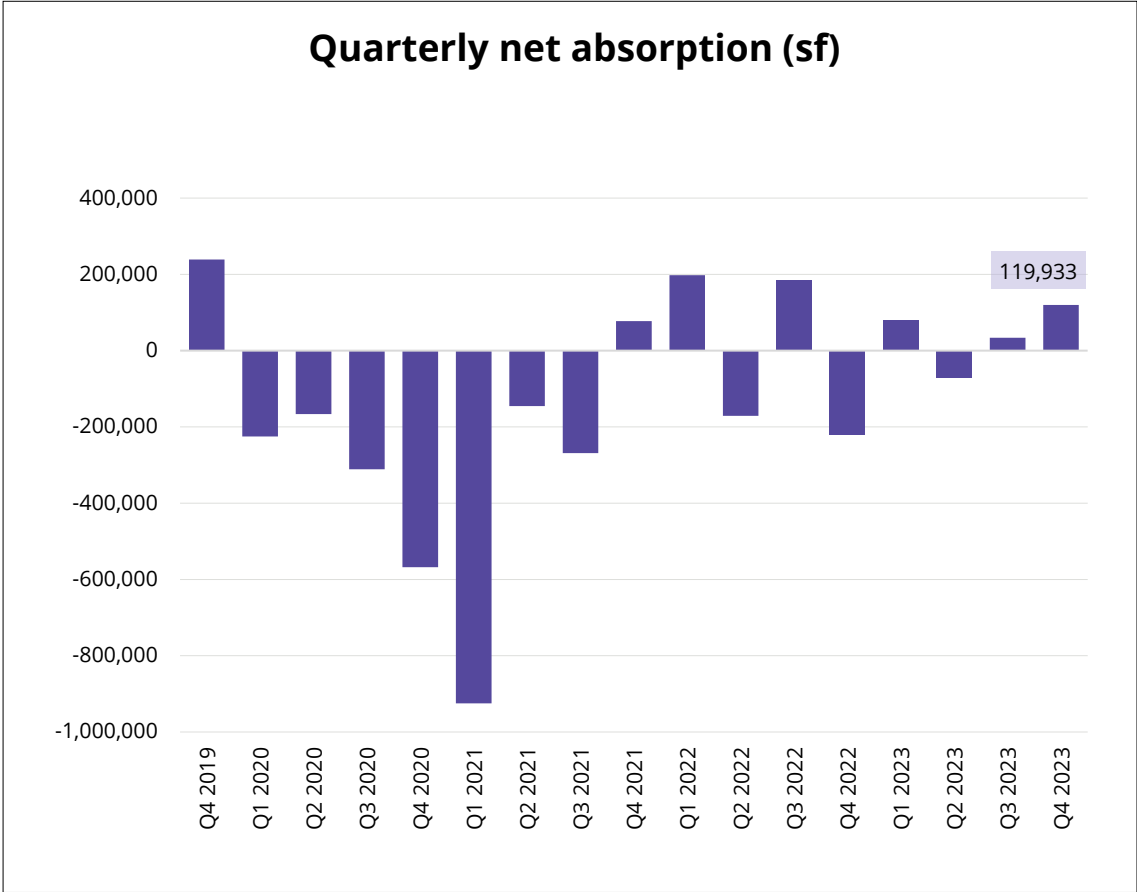
In the face of continuing economic headwinds, Calgary will continue to rely on its core strengths to navigate through 2024. The market's resilience is reinforced by positive migration trends and robust energy prices, while its adaptability, demonstrated by the repurposing of office space, is forward thinking and positions the market well for the future.



Calgary downtown area office market indicators

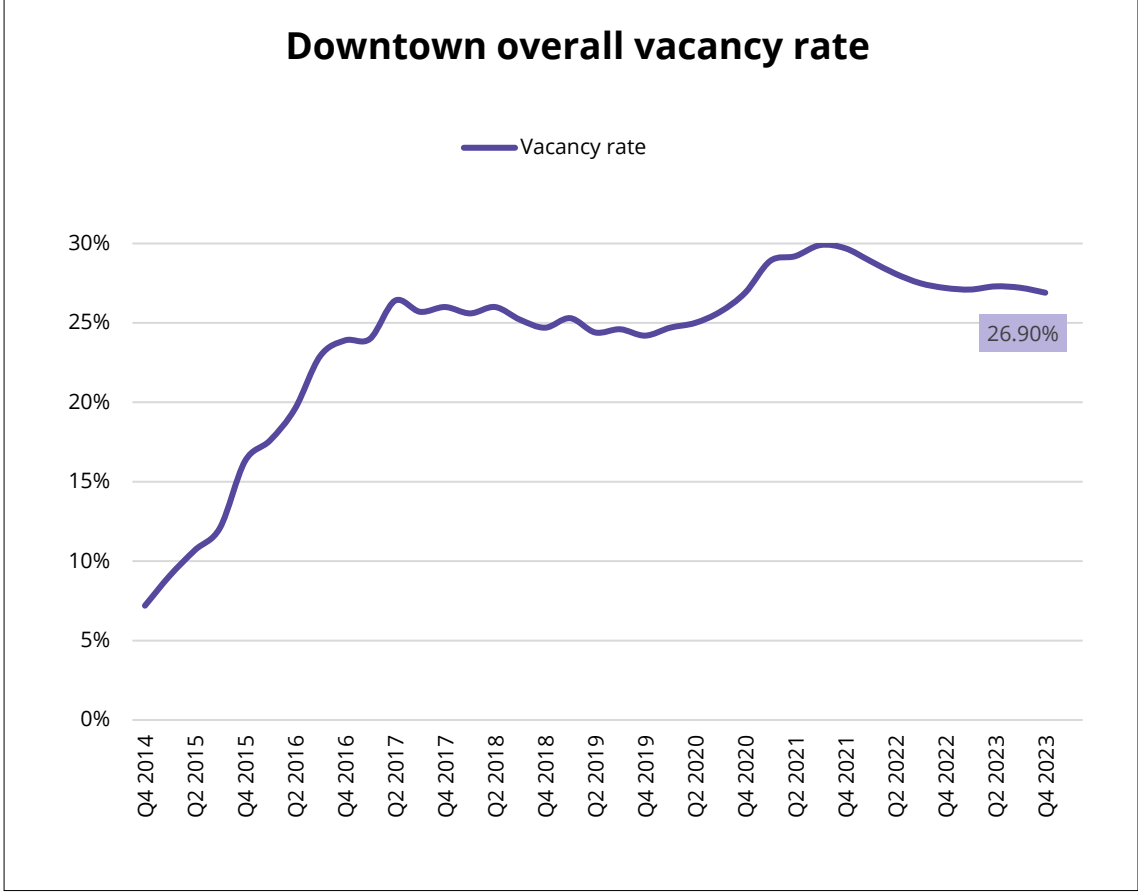


Source: AVANT by Avison Young

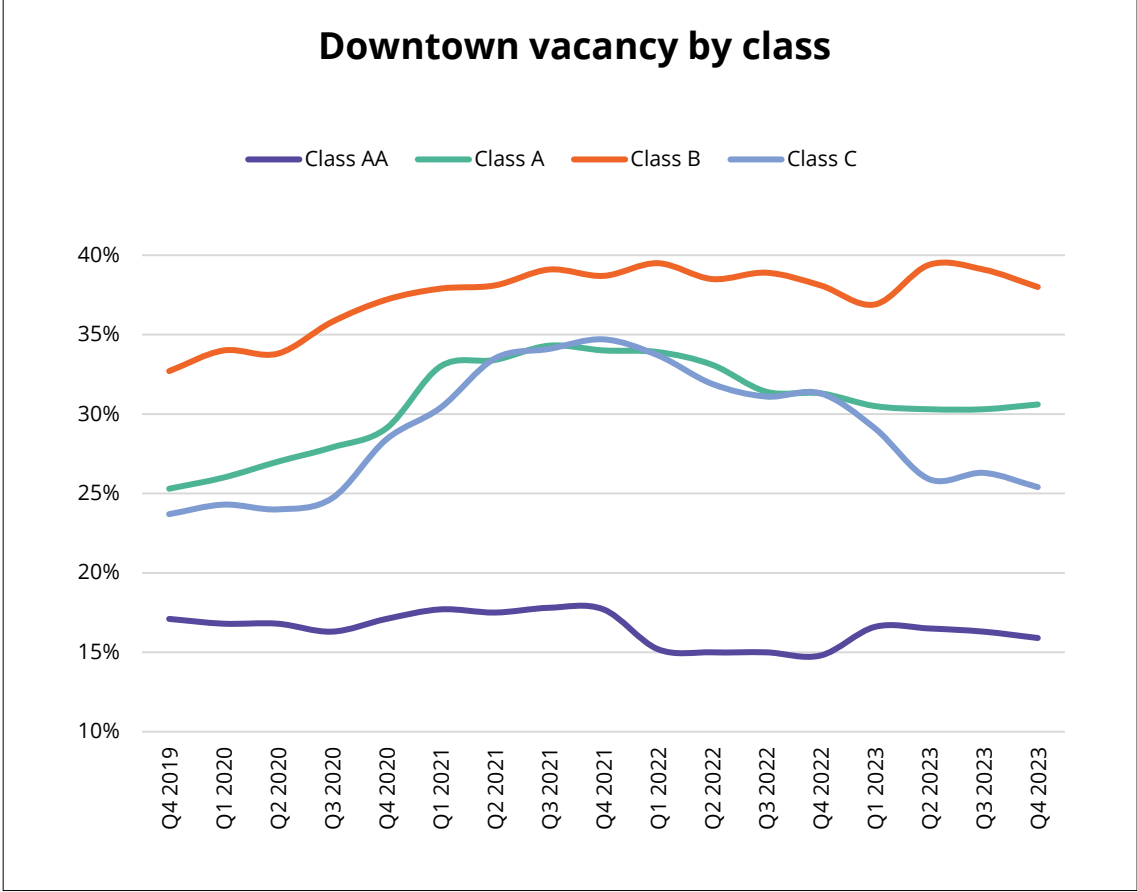


Source: AVANT by Avison Young

Calgary downtown area office market indicators

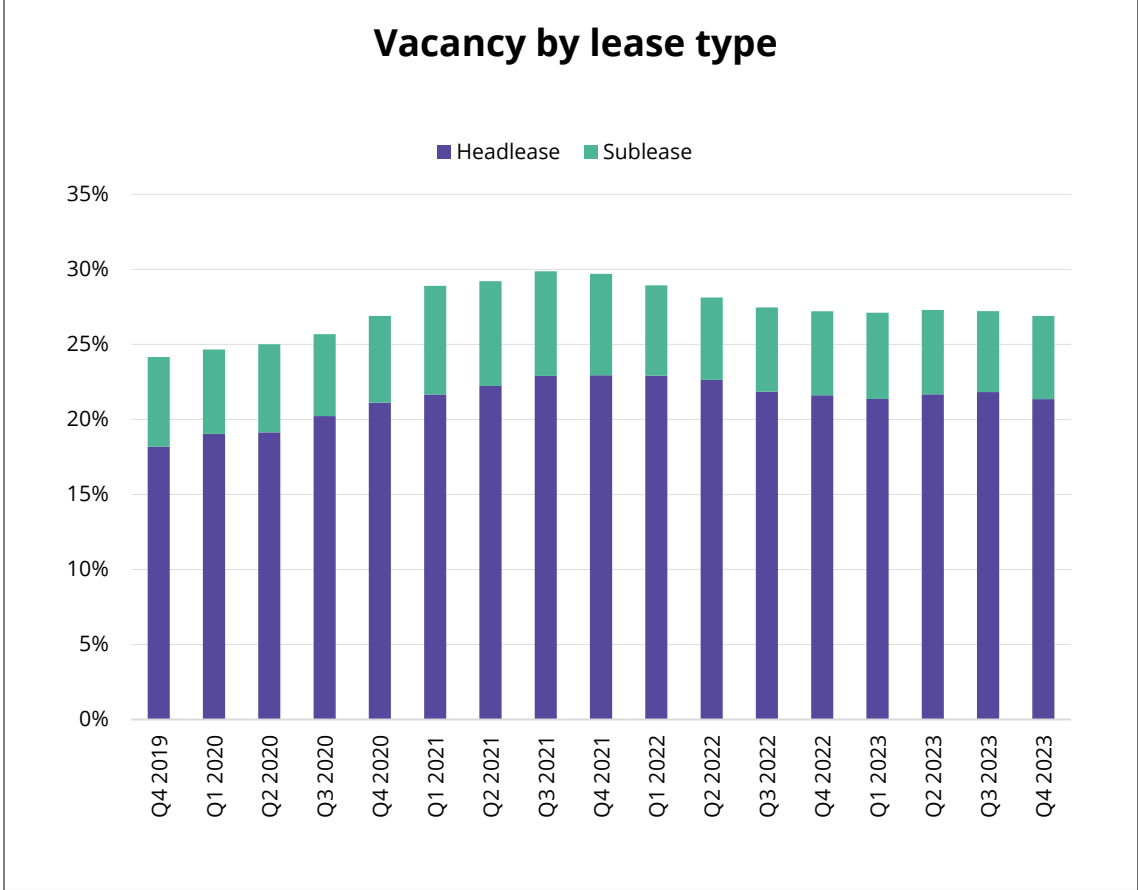


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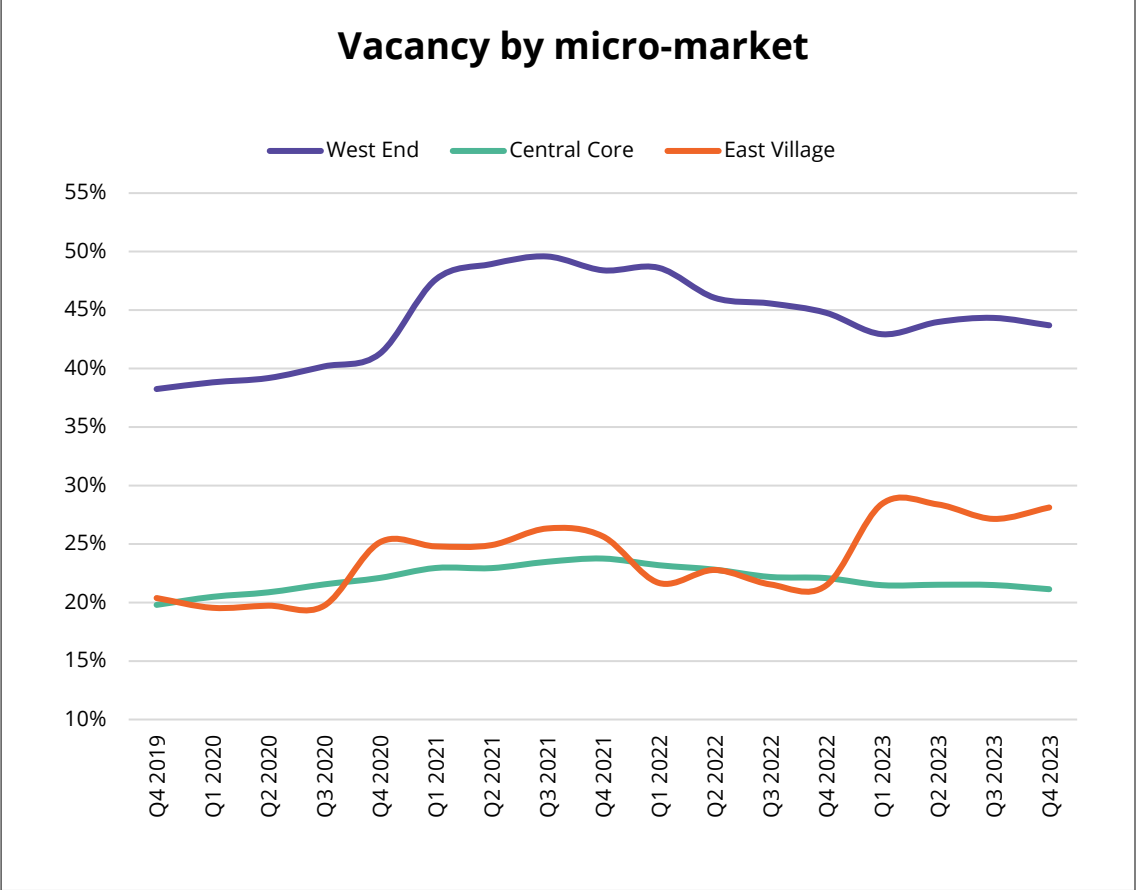


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Calgary downtown area office market indicators

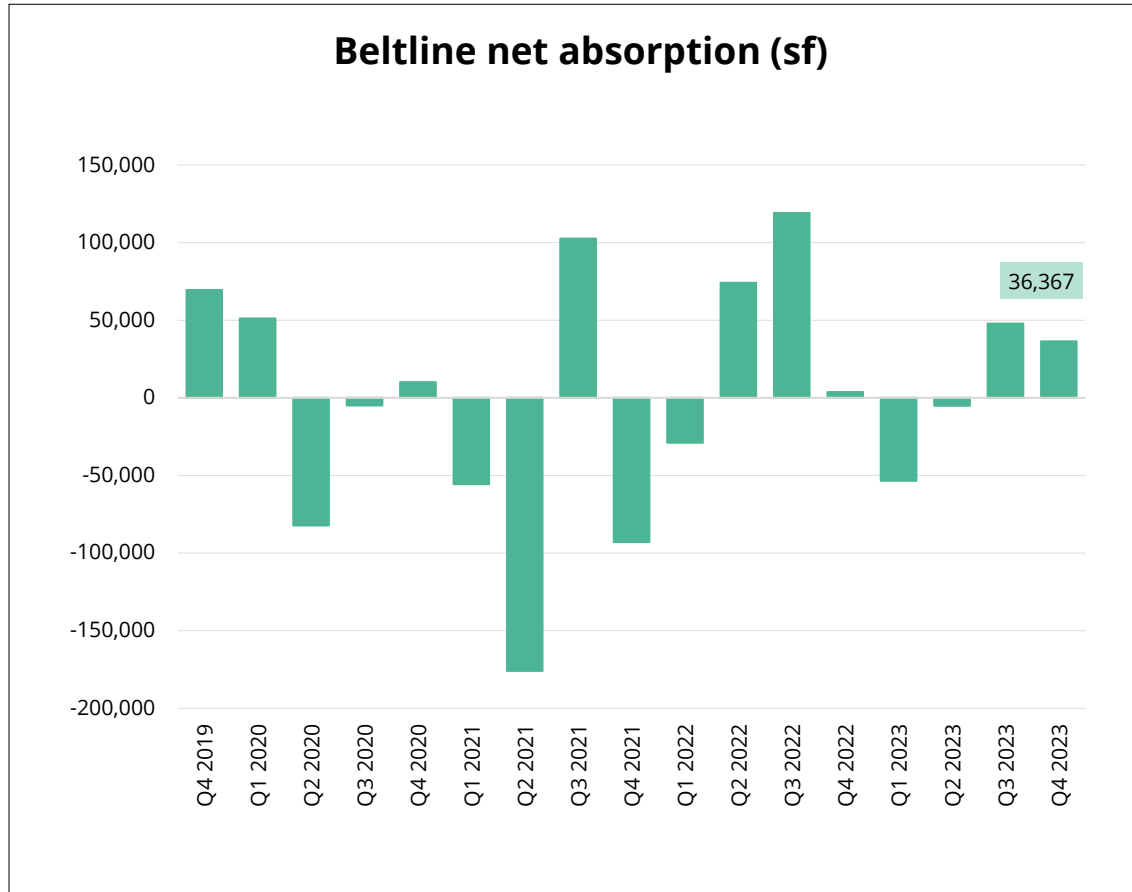


Source: AVANT by Avison Young

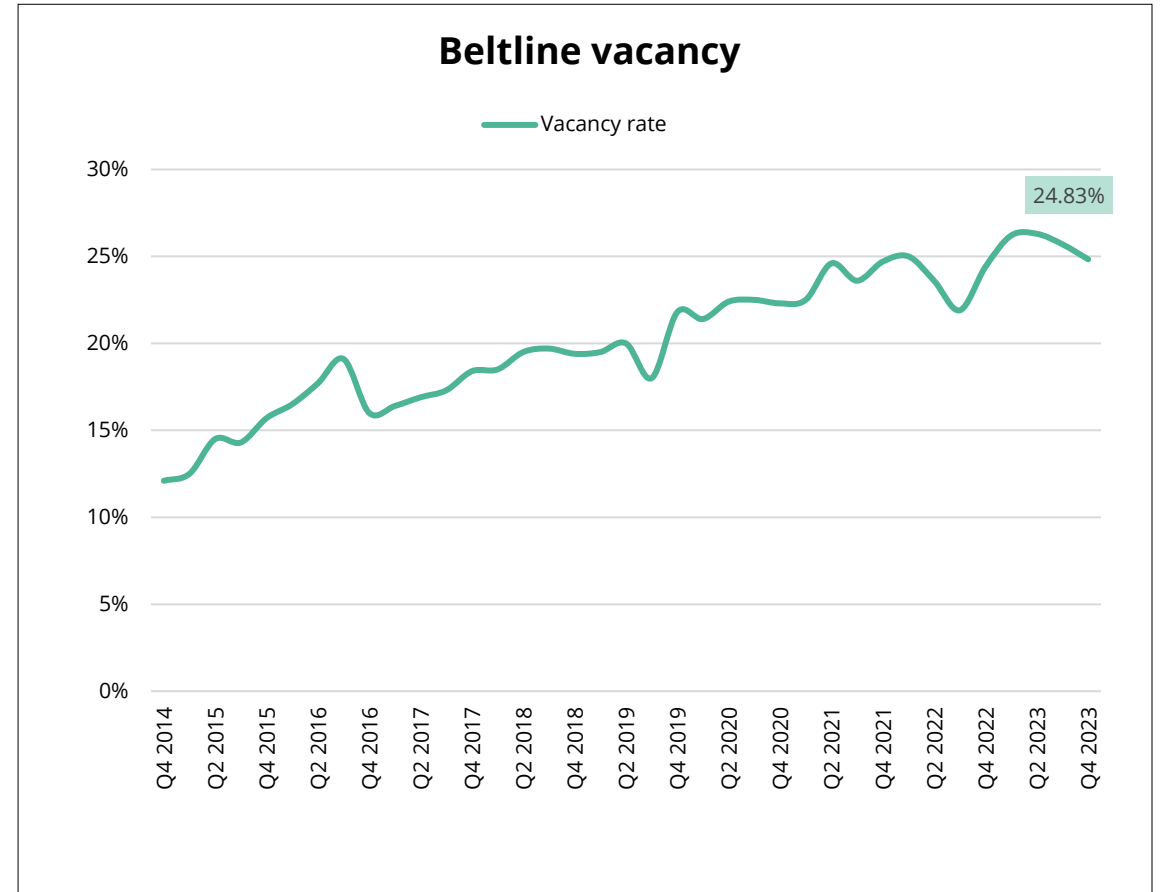


Source: AVANT by Avison Young

Beltline office market indicators

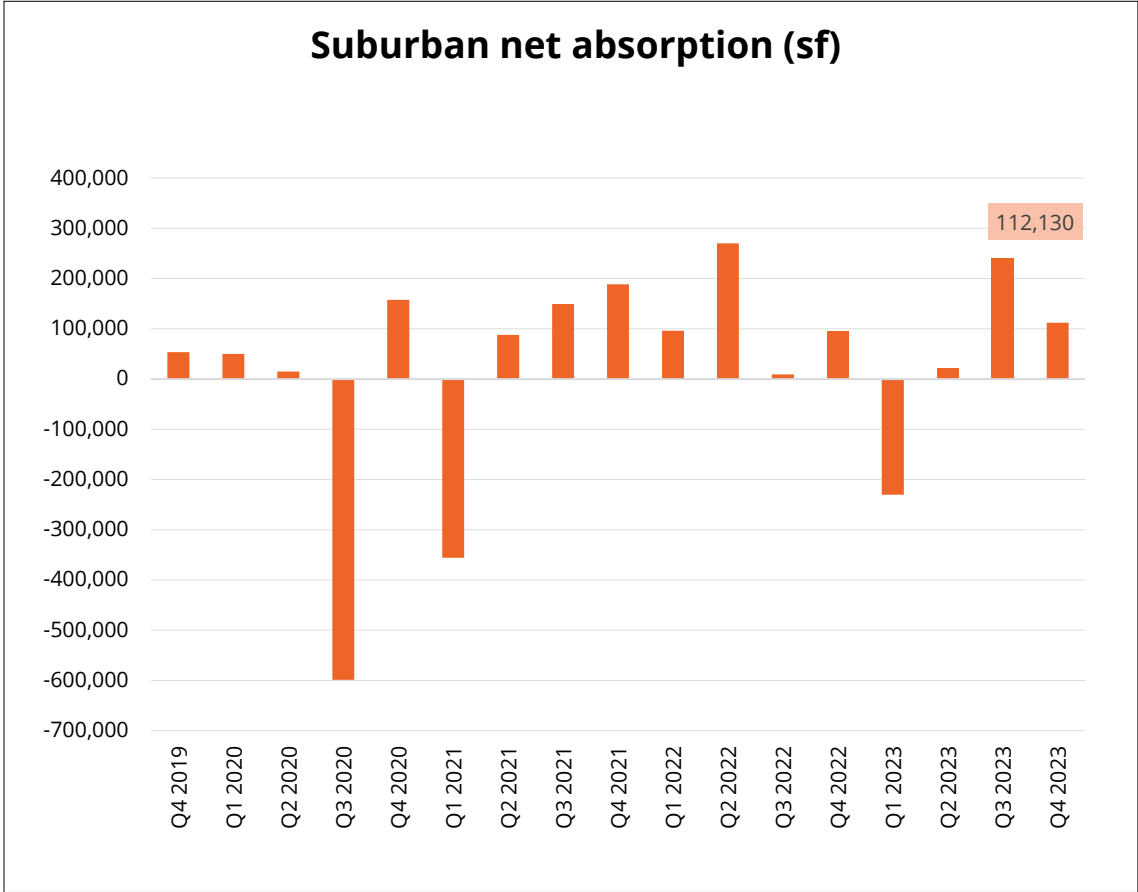


Source: AVANT by Avison Young

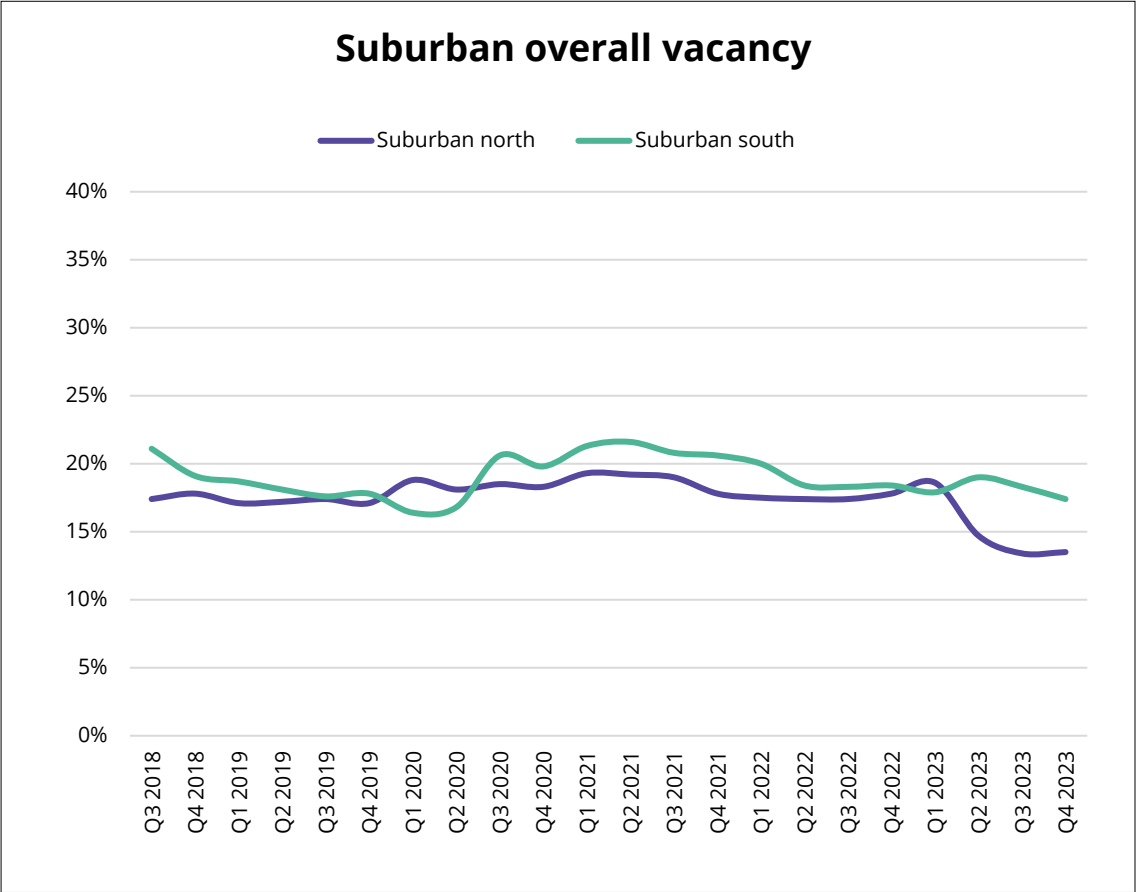


Source: AVANT by Avison Young

Suburban office market indicators



Source: AVANT by Avison Young



Source: AVANT by Avison Young

Calgary area office market stats

		New supply (sf)	Inventory (sf)	Number of buildings	Headlease vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Headlease vacancy rate	Sublease vacancy rate	Total vacancy rate	Occupancy (sf)	Absorption for quarter (sf)	Under construction (sf)
Downtown		0	45,138,878	162	9,639,272	2,503,581	12,142,853	21.4%	5.5%	26.9%	32,996,025	119,933	0
	Class AA	0	15,381,587	19	1,292,021	1,159,456	2,451,477	8.4%	7.5%	15.9%	12,930,110	52,487	0
	Class A	0	18,699,645	52	4,530,100	1,184,109	5,714,209	24.2%	6.3%	30.6%	12,985,436	80,915	0
	Class B	0	9,250,172	58	3,377,266	140,095	3,517,361	36.5%	1.5%	38.0%	5,732,811	-28,967	0
	Class C	0	1,807,474	33	439,885	19,921	459,806	24.3%	1.1%	25.4%	1,347,668	15,498	0
Beltline		0	8,460,631	119	1,850,118	251,020	2,101,138	21.9%	3.0%	24.8%	6,359,493	36,367	0
	Class A	0	3,168,422	31	646,253	149,026	795,279	20.4%	4.7%	25.1%	2,373,143	3,829	0
	Class B	0	3,627,251	61	977,799	101,994	1,079,793	27.0%	2.8%	29.8%	2,547,458	28,646	0
	Class C	0	1,664,958	27	226,066	0	226,066	13.6%	0.0%	13.6%	1,438,892	3,892	0
Suburban North		0	11,096,555	185	1,367,201	126,567	1,493,768	12.3%	1.1%	13.5%	9,602,787	-11,668	192,389
	Class A	0	6,605,961	89	805,296	96,877	902,173	12.2%	1.5%	13.7%	5,703,788	-48,392	192,389
	Class B	0	3,058,390	61	354,306	25,580	379,886	11.6%	0.8%	12.4%	2,678,504	36,284	0
	Class C	0	1,432,204	35	207,599	4,110	211,709	14.5%	0.3%	14.8%	1,220,495	440	0
Suburban Northeast		0	8,507,137	131	976,731	102,615	1,079,346	11.5%	1.2%	12.7%	7,427,791	115,903	0
	Class A	0	5,128,727	61	525,630	72,925	598,555	10.2%	1.4%	11.7%	4,530,172	117,509	0
	Class B	0	2,220,493	43	266,547	25,580	292,127	12.0%	1.2%	13.2%	1,928,366	176	0
	Class C	0	1,157,917	27	184,554	4,110	188,664	15.9%	0.4%	16.3%	969,253	-1,782	0
Suburban Northwest		0	2,589,418	53	390,470	23,952	414,422	15.1%	0.9%	16.0%	2,174,996	24,867	192,389
	Class A	0	1,477,234	27	279,666	23,952	303,618	18.9%	1.6%	20.6%	1,173,616	38,361	192,389
	Class B	0	837,897	18	87,759	0	87,759	10.5%	0.0%	10.5%	750,138	-21,856	0
	Class C	0	274,287	8	23,045	0	23,045	8.4%	0.0%	8.4%	251,242	8,362	0

Calgary area office market stats

	New supply (sf)	Inventory (sf)	Number of buildings	Headlease vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Headlease vacancy rate	Sublease vacancy rate	Total vacancy rate	Occupancy (sf)	Absorption for quarter (sf)	Under construction (sf)
Suburban South	0	13,048,822	187	2,106,266	162,393	2,268,659	16.1%	1.2%	17.4%	10,780,163	123,798	0
Class A	0	9,915,632	123	1,739,665	136,624	1,876,289	17.5%	1.4%	18.9%	8,039,343	118,178	0
Class B	0	2,076,390	41	288,797	17,943	306,740	13.9%	0.9%	14.8%	1,769,650	12,835	0
Class C	0	1,056,800	23	77,804	7,826	85,630	7.4%	0.7%	8.1%	971,170	-9,289	0
Suburban Southeast	0	8,929,166	132	1,546,796	107,153	1,653,949	17.3%	1.2%	18.5%	7,275,217	183,772	0
Class A	0	6,972,462	89	1,330,393	94,529	1,424,922	19.1%	1.4%	20.4%	5,547,540	203,302	0
Class B	0	1,089,083	25	142,877	4,798	147,675	13.1%	0.4%	13.6%	941,408	-7,689	0
Class C	0	867,621	18	73,526	7,826	81,352	8.5%	0.9%	9.4%	786,269	-11,841	0
Suburban Southwest	0	4,119,656	55	556,951	55,240	612,191	13.5%	1.3%	14.9%	3,507,465	28,047	0
Class A	0	2,943,170	34	409,272	42,095	451,367	13.9%	1.4%	15.3%	2,491,803	-3,396	0
Class B	0	987,307	16	143,401	13,145	156,546	14.5%	1.3%	15.9%	830,761	28,736	0
Class C	0	189,179	5	4,278	0	4,278	2.3%	0.0%	2.3%	184,901	633	0
Suburban total	0	24,145,377	371	3,470,948	288,960	3,759,908	14.4%	1.2%	15.6%	20,385,469	112,130	192,389
Class A	0	16,521,593	212	2,544,961	233,501	2,778,462	15.4%	1.4%	16.8%	13,743,131	69,786	192,389
Class B	0	5,134,780	102	643,103	43,523	686,626	12.5%	0.8%	13.4%	4,448,154	49,119	0
Class C	0	2,489,004	58	285,403	11,936	297,339	11.5%	0.5%	11.9%	2,191,665	-8,849	0
Calgary total	0	77,744,886	653	14,962,857	3,043,561	18,006,418	19.2%	3.9%	23.2%	59,738,468	268,430	192,389
Class AA&A	0	53,771,247	314	9,013,335	2,726,092	11,739,427	16.8%	5.1%	21.8%	42,031,820	207,017	192,389
Class B	0	18,012,203	221	4,998,168	285,612	5,283,780	27.7%	1.6%	29.3%	12,728,423	48,798	0
Class C	0	5,961,436	118	951,354	31,857	983,211	16.0%	0.5%	16.5%	4,978,225	10,541	0

For more market insights
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