



# Office Update

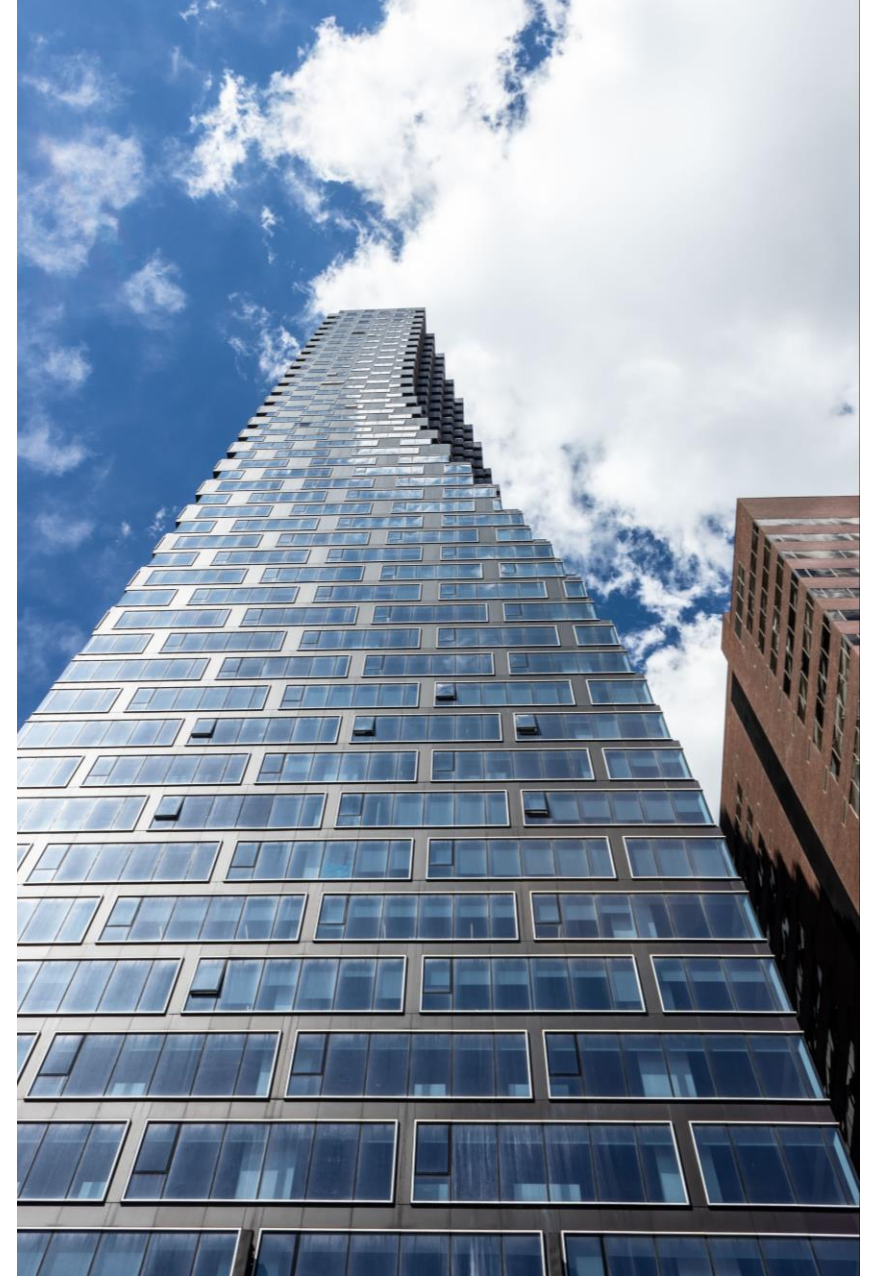
Pre-Roll Consultation Period

Oct. 1 – Nov. 14, 2025

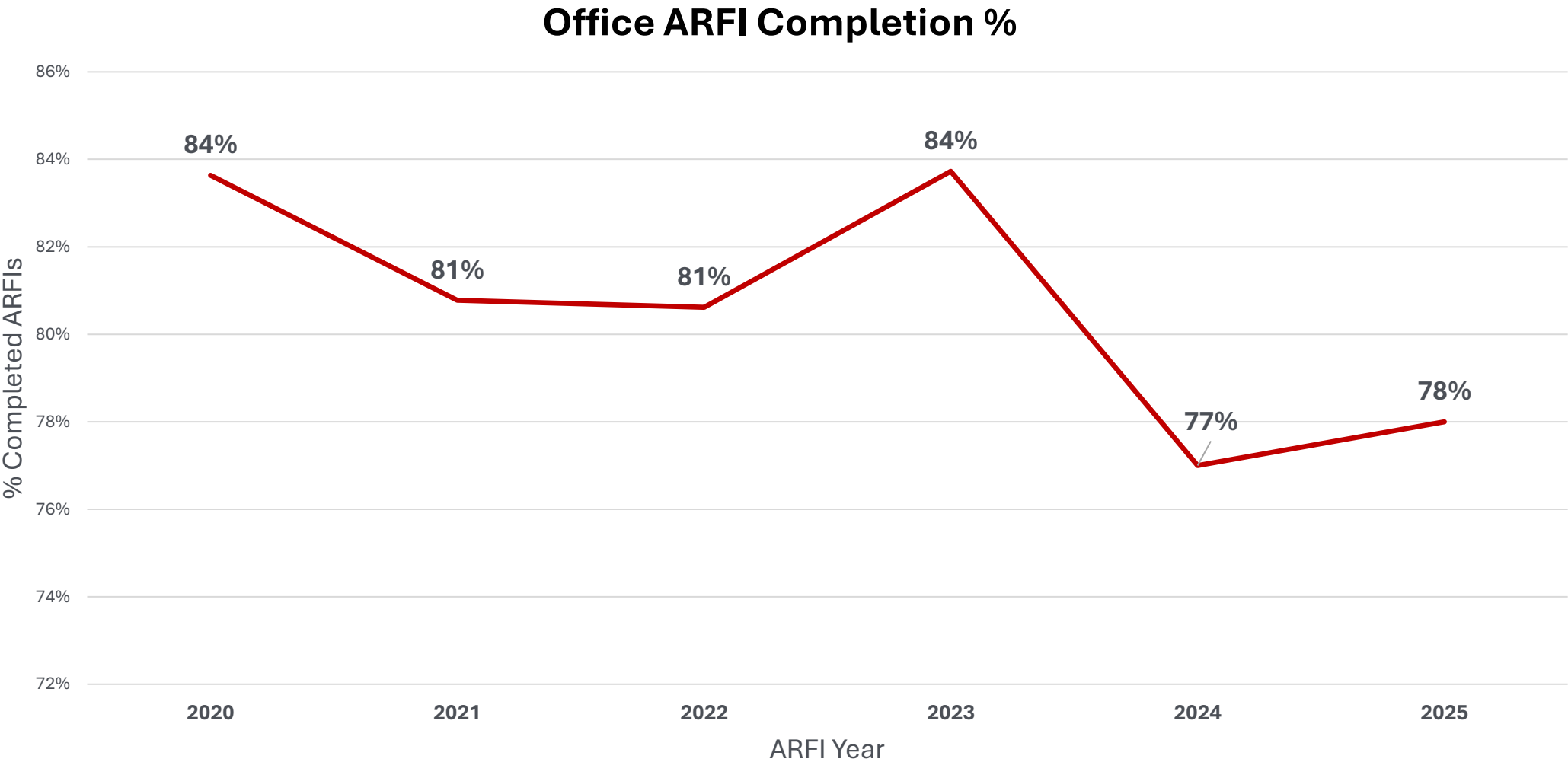


# Agenda

- ARFI Recap and Reminder
- Overview of Office Markets
- Downtown Conversion Program Update
- Downtown Office
  - Rates, Notable Sales
- Beltline Office
  - Rates, Notable Sale
- Suburban Office
  - Rates, Notable Sale
- Key Takeaways
- Q&A



# Assessment Request for Information



# General Overview

## Downtown

- Trophy assets (AA+) seeing slight increase
- Other AA and A: downward pressure
- Strong B sales (including conversion)

## Beltline

- Moderate increases across asset classes

## Suburban

- Substantial sales volume
  - Mostly small office
- New "Very Small Office" category





# Downtown Conversion Update Office to Residential

**Goal:** Remove 6 million SF office space from the DT inventory

**Status:** Approximately 2.86 million SF office space removed



Shown: Cornerstone

Project	Status
The Cornerstone	Complete
Eau Claire Plc I	Complete
Petro Fina	Complete
Dominion	Complete
Teck Place	Under Construction
Eau Claire Plc II	Under Construction
Taylor Building	Under Construction
Place 800	Under Construction
Palliser One	Under Construction
606 Fourth	Pre-Construction

# Downtown Conversion Update

## Cont'd

- Upcoming office space to be removed (approx.): 947,000 SF
- Nine more projects coming online in both Downtown and Beltline



Shown: Petrofina Building

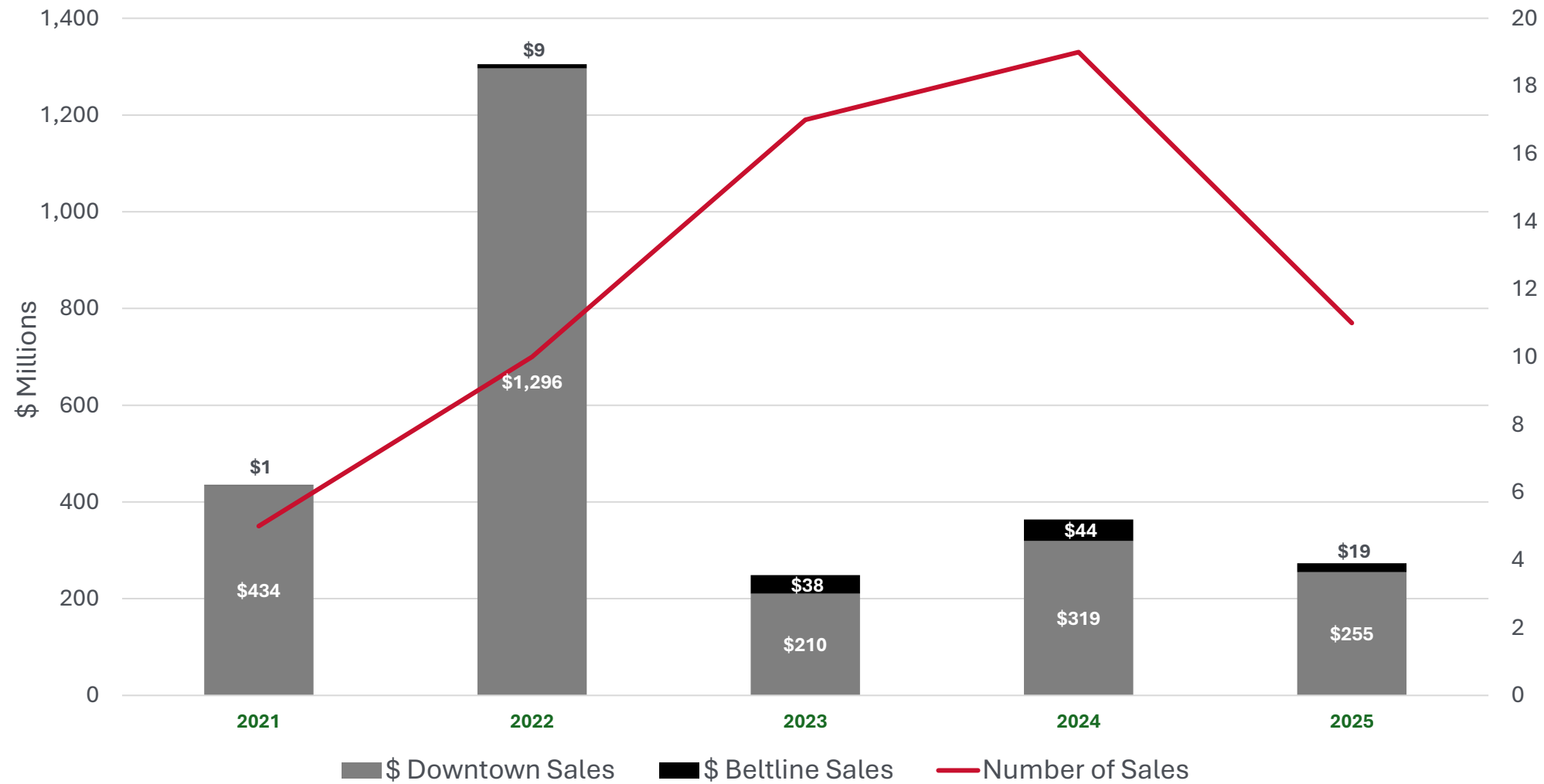
- 22 projects in pipeline
- 13 'B' quality conversions
- 8 'C' quality conversions
- 1 multi-quality conversion

### News:

- \$40 million in additional funding to be requested from Council in November 2025

<https://www.calgary.ca/development/downtown-incentive.html>

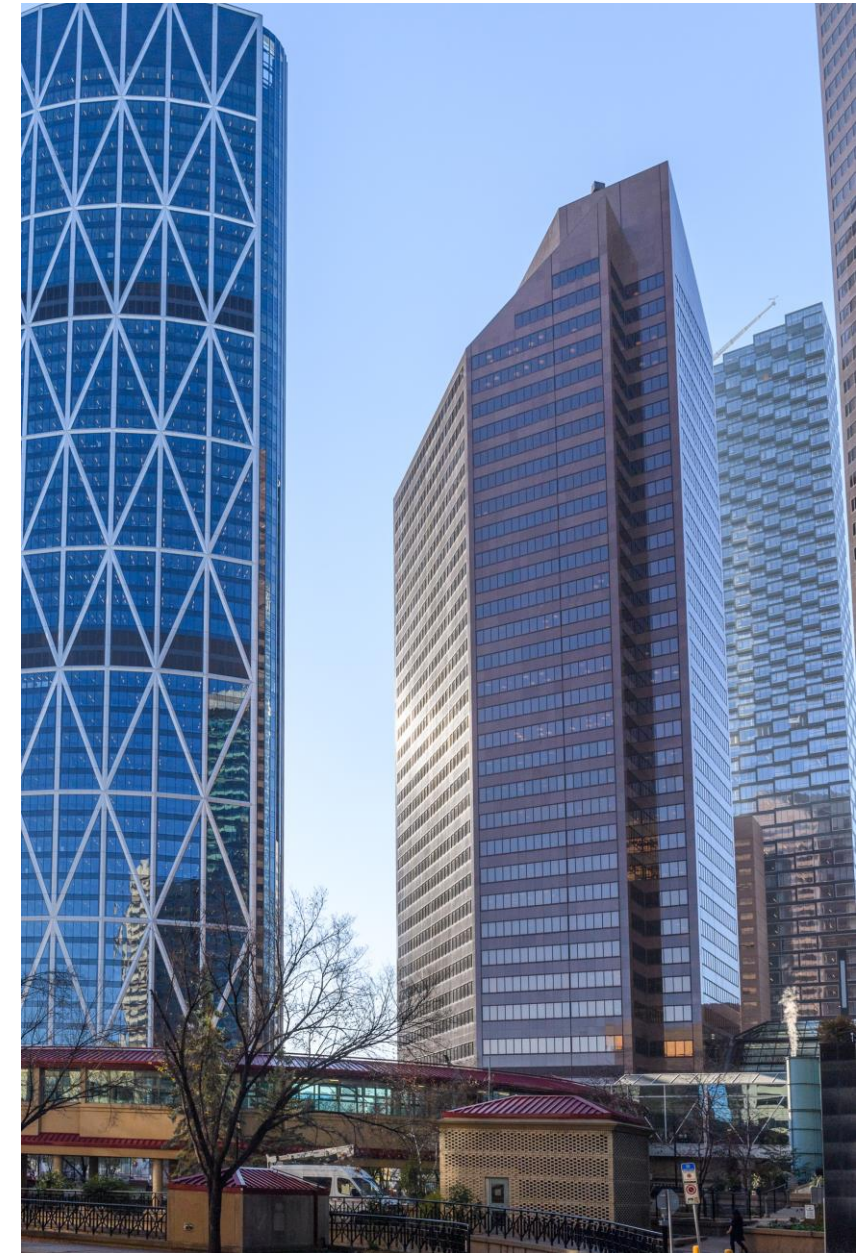
# Sales Activity – Downtown & Beltline



# Capitalization Rates

## Downtown Office

Class	2025	2026	Change
AA	6.25%	6.75%	↑
A	6.75%	7.50%	↑
B	6.75%	7.50%	↑
C	6.75%	7.50%	↑





# Downtown Office Market Rates

## Rental Rates

- AA+ increasing
- Other high qualities: increase
- Lower quality buildings:
  - No increase in rates

## Vacancy

- AA+ very low vacancy
- Other AA showing an increase
- Some fluctuations
  - A-, B, C quality





## Notable Sale 1 - Downtown

**Bow Valley Square**

**250 6 Avenue SW**

**(four buildings)**

**Sale Price:** \$144,000,000

**Sale Price Per SF:** \$96 PSF

**Registered Sale Date:** November 2024

**Purchaser:** Armco Capital Inc.

**Building Size (Total):** 1,505,342 SF

**Office Square Footage (Total):** 1,368,531 SF

**Retail Space:** 146,811 SF

\*Note: SF number may vary depending on amount reported



## Notable Sale 2 - Downtown

**The Ampersand (North, East, West)**

**112/120/140 4 Avenue SW**

**Sale Price:** \$145,000,000

**Sale Price Per SF:** \$130 PSF

**Registered Sale Date:** February 2025

**Purchaser:** Ampersand Ltd.

**Building Size (Combined):**

1,116,292 SF



Source: Loopnet.ca



# Capitalization Rates

## Beltline Office

Class	2025	2026	Change
AA	7.25%	7.50%	↑
A	7.25%	7.50%	↑
B	8.00%	8.25%	↑
C	8.00%	8.25%	↑



Source: Collierscanada.com

# Beltline Office Market Rates



## Rental Rates

- AA rates steady
- A rents down
- B, C rents: minimal increase
- Retail rates increasing



## Vacancy

- Overall vacancy decrease
- Retail vacancy decrease = upward pressure





Source: Google Maps 2024

## Notable Sale - Beltline

### 1305 11 Avenue SW

(Old Red Cross Building)

**Sale Price:** \$3,200,000

**Registered Sale Date:** May 26, 2025

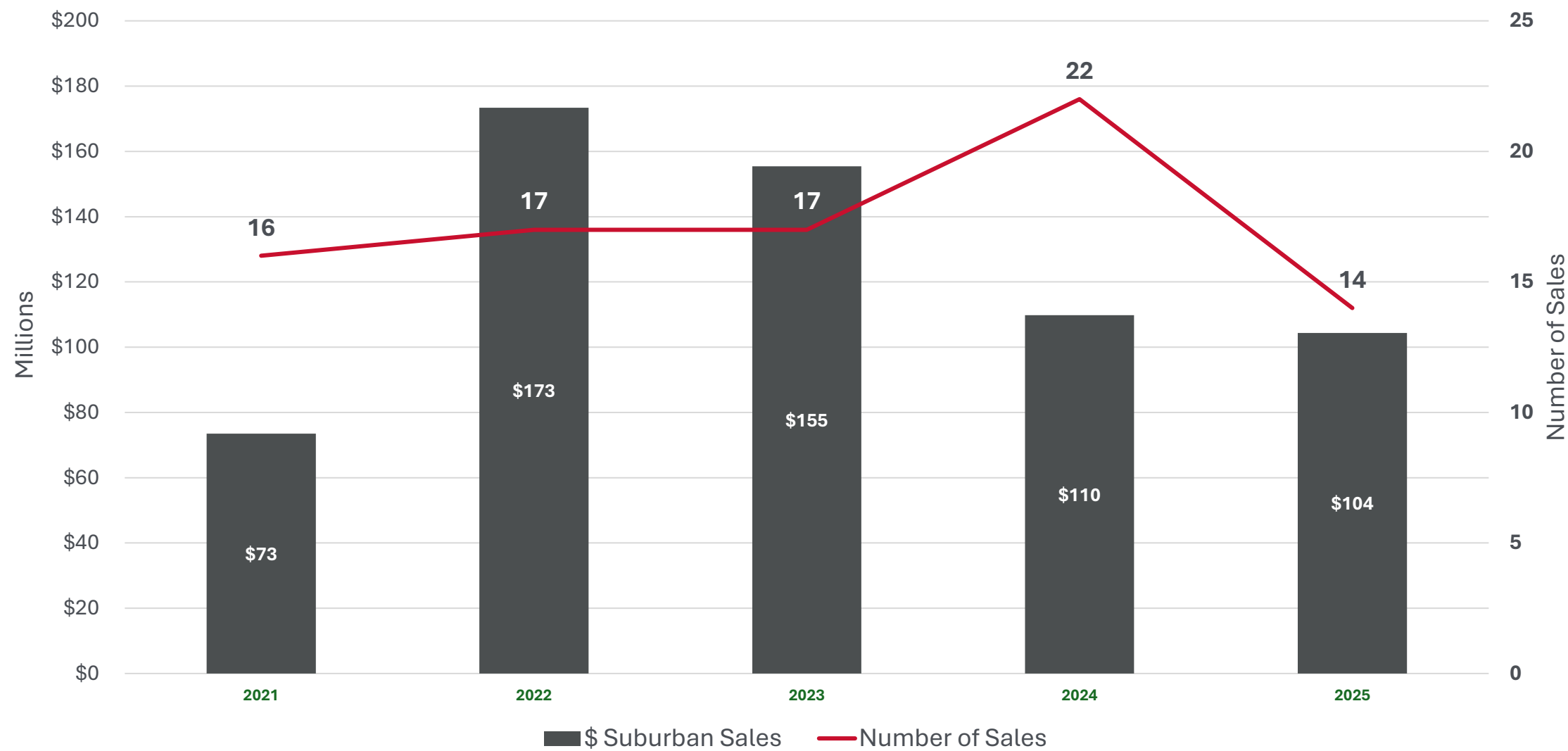
**Purchaser:** Marula Building Corp.

**Building Size:** 35,078 SF

**Sale Price PSF:** \$91



# Sales Activity - Suburban





# Capitalization Rates

## Suburban Office

Class	2025	2026	Change
AA	7.25%	7.50%	↑
A	7.25%	7.50%	↑
B	8.50%	8.50%	=
C	8.50%	8.50%	=

# Suburban Office

## New for Roll Year 2026



Source: Luxe Miniatures by Phillip Nuveen  
<https://lmpn.shop/products/miniature-mies-office-building>

- **"Very Small Office"**

- New Sub-office category
- < 10,000 SF office buildings
- Cap rate: 3.75%
- Vacancy rate of 5%

- **Small Office**

- In-between 10,000 – 20,000 SF
- Cap rate: 5.00% (2026)
- Vacancy = quality and quadrant





Source: Loopnet.ca North Building Shown

## Notable Sale - Suburban

### 5440 1 Street SW

North and South Building (5550 1 St SW)

**Sale Price:** \$11,300,000

**Registered Sale Date:** Oct. 21, 2024

**Purchaser:** 2062895 Alberta Ltd.

**Building Size:** 76,514 SF (combined)

**Sale Price PSF:** \$148

## 2026 Inventory Breakdown

Property Type	Number of Accounts	2026 Total Assessed Value (Billions)	Typical Assessment Change (YOY)
Downtown Office	161	\$8.4	-1%
Beltline Office	165	\$1.2	9%
Suburban Office	507	\$4.0	10%
Citywide Condos	731	\$0.5	1%





## Key Takeaways – Downtown

- Trophy class and B properties performing well
- Other AA and A's show room for improvement
- Downtown conversion project rolling along; impacts continue to unfold





Source: <https://ronmor.ca/business/ribtor-west/>

## Key Takeaways – Beltline

- While cap rates are up somewhat, vacancy mostly decreased across the board.
- Retail valuation causing upward pressure on mixed-use properties
- Overall Beltline values are seeing an upward shift





Source: Newswire.ca

## Key Takeaways – Suburban

- New “Very Small Office” category <10,000 SF
- Rental rates generally stable city-wide
- Overall suburban office values are increasing



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