

NAI Commercial

FIRST QUARTER MARKET REPORT 2026

GREATER EDMONTON, ALBERTA





Economic Outlook

The first quarter of 2026 marked (another) show of force by the Edmonton region's commercial real estate market, with measured and resilient success that outpaced the rest of the country. It's an impressive feat in the face of a broader economic backdrop that saw the national GDP contract, oil price volatility, and continued trade uncertainty. If nothing else, the Edmonton commercial market continues to show steady stoicism.

The city is approaching 1.25 million residents, with continued expansion anticipated over the next three years. Federal policy is expected to moderate the pace of non-permanent resident inflows, bringing population growth down to around 1.1% nationally, but Edmonton is expected to remain among the top-performing metros as inter-provincial migration continues to tilt in Alberta's favour, supported by housing affordability that still outperforms virtually every other major Canadian market.

At the sector level, the story is increasingly one of diverging submarket narratives held together by stable trends. Industrial vacancy across Greater Edmonton contracted in Q1 to just 3.6%, continuing its streak as one of the tightest industrial markets in the country, with net absorption of over 547,000 square feet across the region. Office vacancy improved marginally to 10.9%, helped along by a downtown finally posting positive net absorption after several consecutive quarters in the red. Retail vacancy rose slightly from 3.8% to 4.1%, reflecting modest new deliveries rather than actual demand deterioration, and remains among the tightest retail environments in Canada.

The standout Q1 story, though, was investment: Edmonton became the only major Canadian market to record an increase in commercial property investment over the past year, with interprovincial migration and sector diversification drawing in private capital in meaningful volumes.

Edmonton's emerging defence profile is also becoming increasingly visible in the region's commercial real estate calculus. The Edmonton Region Defence Alliance (ERDA) officially launched in late February, bringing together the University of Alberta, NAIT, Alberta's Industrial Heartland, Edmonton International Airport, and Edmonton Global to position the capital region for a slice of federal defence industrial strategy funding. That same month, Ottawa announced \$6.5 million in Prairies Economic Development Canada investment supporting Edmonton-region defence manufacturers. While still early stage, this adds another layer to Edmonton's already diversified economic base of logistics, manufacturing, agri-business, energy, and emerging technology.

Heading into the rest of 2026, key questions remain familiar: How much will interest rate pauses delay transaction activity? How will oil prices impact the province's economy? And, can supply growth keep pace with population-driven demand without slipping into oversupply? Current indicators lean toward continued measured growth, with industrial likely holding tight, office gradually stabilizing, and retail rebalancing from recent supply additions. Edmonton continues to demonstrate that slow and steady does, in fact, win the race.

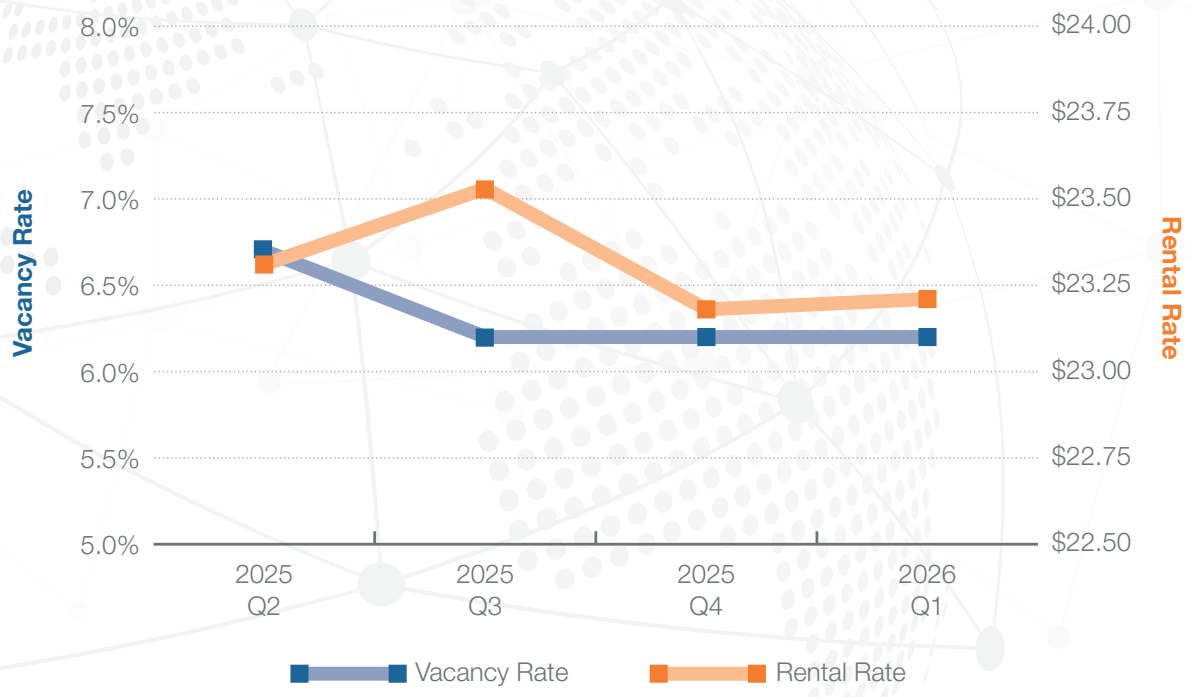
GREATER EDMONTON AT A GLANCE OVERALL VACANCY TRENDS

Buildings Surveyed: 12,572
Existing SF: 327.9M

	2025-Q2	2025-Q3	2025-Q4	2026-Q1
Vacancy Rate	6.7%	6.2%	6.2%	6.2%

Average Rental Rates vs. Vacancy

GREATER EDMONTON AT A GLANCE OVER THE PAST 12 MONTHS



About NAI Commercial

<https://www.naiedmonton.com/about-us/>

NAI Commercial is a market-leading, full service commercial real estate brokerage providing exceptional service and expertise in Edmonton and surrounding areas since 1966. We are your ideal partner given our depth of local market knowledge and the transaction volume we close on year after year for our clients.

We build our network of successful relationships based on trust and loyalty, and many of our clients choose to deal with us exclusively for all their commercial real estate needs. We offer trusted advice in Edmonton, across Canada and around the world.



Retail Market

Edmonton's retail sector delivered steady performance with a modest quarter-to-quarter wobble, and a strong development pipeline. The region posted a Q1 vacancy rate of 4.1% across 5,005 buildings and 75.1 million square feet, up modestly from 3.8% to close 2025, but still firmly among the tightest retail markets in Canada. Net absorption of 117,760 square feet came in against 334,577 square feet of new deliveries, so the vacancy uptick is very much a new-supply story rather than an erosion in underlying demand. And with 90 retail projects under construction, there's a lot to be excited about as over 1-million square feet will soon hit the market.

South Edmonton remains the region's main retail engine. Vacancy rose slightly quarter-over-quarter from 3.2% to 3.5%. The headliner here is Desrochers Village, a 30-acre centre along Heritage Valley Trail, progressing toward a 2027 opening for its 140,000-square-foot Walmart Supercentre anchor as part of more than 270,000 square feet of planned retail. With 34 buildings and 600,397 square feet under construction across the south-side submarket, the mixed-use suburban-retail model continues to define the next generation of Edmonton's development pipeline.

Northwest Edmonton continues to wrestle with its aging strip-mall inventory, posting a 5.8% Q1 vacancy rate (up from 5.5% in Q4-2025), and net absorption of roughly -59,000 square feet. Central Edmonton improved marginally, with vacancy falling from 9.2% to 9.1% and positive (if modest) net absorption of 4,134 square feet. Whyte Avenue-Garneau also tightened,

improving from 7.7% to 6.8% vacancy on 12,396 square feet of net absorption.

Outside the city, suburbs remain reliably tight. Leduc posted a 3.8% vacancy rate across 163 buildings and 2 million square feet. Sherwood Park-Fort Saskatchewan continues to pull away as the regional retail leader, compressing to 1.9% vacancy from Q4-2025's 2.1%, with 26,509 square feet of net absorption. The submarket still has 10 retail projects (72,689 square feet) under construction, and ongoing repositioning of legacy retail stock, including a \$6.7-million subdivision and modernization of the former Safeway along Wye Road.

The one outlier this quarter is St. Albert. After spending several quarters as one of the tightest subregions in the Edmonton market, St. Albert's vacancy jumped from 3.7% to 7.5% quarter-over-quarter, with net absorption of -112,608 square feet. The shift appears to be driven by a single large vacancy against a strong economy, with job creation continuing to outpace the City of Edmonton, as it has for more than five years now. As such, the change likely marks a blip rather than a trend.

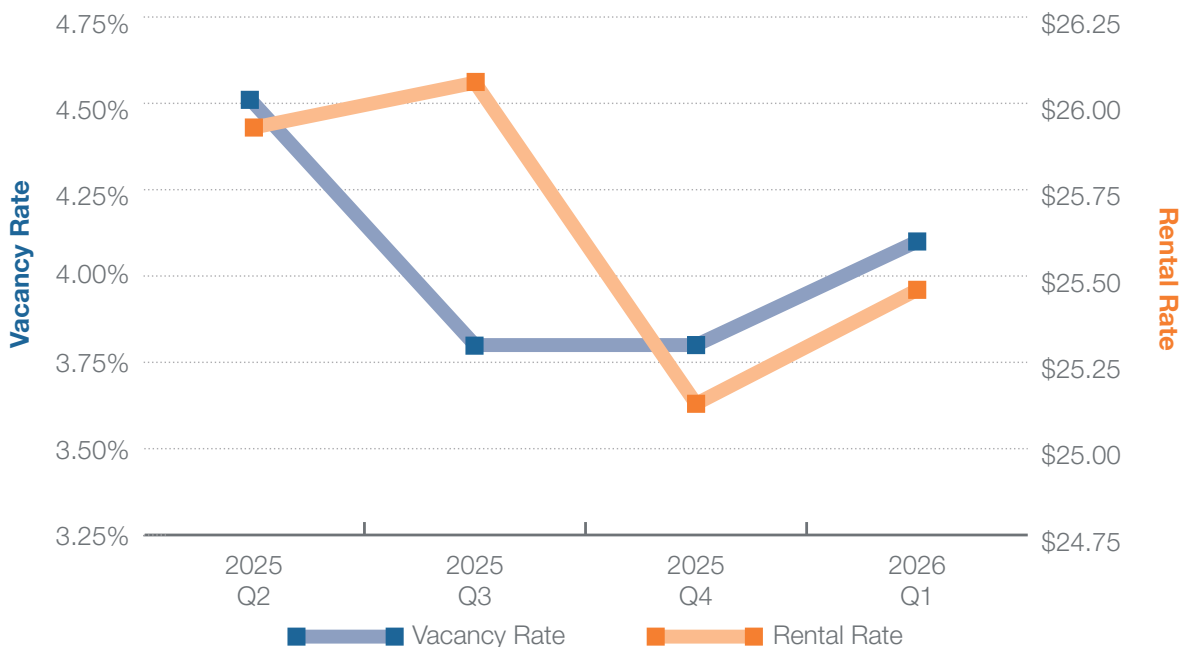
Through the rest of 2026, Edmonton retail appears positioned to steadily absorb supply and maintain low vacancy across submarkets. Any bumps in the regional vacancy rate will most likely come from delivery timing rather than demand softening. With population growth still tilted firmly in Edmonton's favour, and private investor appetite very much alive, the retail sector remains one of the most reliable stories in the city's commercial real estate market.

RETAIL Vacancy Trends

	2025-Q2	2025-Q3	2025-Q4	2026-Q1
GREATER EDMONTON Buildings Surveyed: 5,005 Existing SF: 75.1M	4.5%	3.8%	3.8%	4.1%
EDMONTON WEST Buildings Surveyed: 1,199 Existing SF: 22.5M	7.6%	5.4%	5.5%	5.8%
EDMONTON SOUTH Buildings Surveyed: 1,560 Existing SF: 23.8M	3.3%	3.1%	3.2%	3.5%
EDMONTON CENTRAL Buildings Surveyed: 595 Existing SF: 7.4M	11.0%	8.7%	9.2%	9.1%
LEDUC Buildings Surveyed: 163 Existing SF: 2.0M	3.5%	4.4%	3.9%	3.8%
ST. ALBERT Buildings Surveyed: 229 Existing SF: 3.5M	4.4%	2.6%	3.7%	7.5%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 419 Existing SF: 6.3M	2.5%	2.3%	2.1%	1.9%
WHYTE AVENUE / GARNEAU Buildings Surveyed: 190 Existing SF: 1.5M	8.2%	7.7%	7.7%	6.8%

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Office Market

The office market story continues to be a nuanced tale to tell. Edmonton's regional office market posted a vacancy rate of 10.9% in Q1-2026 (down from 11.5% in Q1-2025), across 47.3 million square feet. More specifically, though, downtown Edmonton continues to carry the bulk of the region's vacancy, while suburban markets remain tight, and specialized pockets like Windermere-Summerside continue to act as their own category entirely.

Downtown had its first genuinely encouraging quarter in a while. Vacancy tightened from 15.6% in Q4 to 15.2% in Q1, and, more importantly, the core posted positive net absorption of 76,166 square feet. It's a welcome reversal after Q4's negative absorption of over 100,000 square feet. The positive trend should continue with ongoing repositioning, including an ongoing \$45-million redevelopment of Manulife Place. On top of that, the high-profile sale of the Connect Centre at the ICE District closed in early Q1, with plans Ontario-based Wiikwemkoong Unceded Territory (in partnership with Integro Developments) to add a 35-storey residential tower above the existing space. The City of Edmonton also committed \$15 million in Q1 to support five downtown student housing projects, adding 550 units aimed at post-secondary students. This continues a theme started by office-to-residential conversions in 2025, wherein residential growth is being targeted as an anchor point for downtown revitalization.

Far from the central hub and outside the city's ring road, Windermere-Summerside saw a small but meaningful softening this quarter. Vacancy rose from 2.9% in Q4 to 3.4% in Q1, and net absorption came in at roughly -10,700 square feet. Context matters, as the submarket includes just 71 buildings and 2.1 million square feet, so small absolute moves show up as large percentage moves. At the same time, the submarket has 60,000 square feet of new office space under construction, marking its first meaningful development pipeline in some time. It's a strong signal that developers are betting on the continued alignment of south Edmonton's demographic growth and demand for modern office space.

Elsewhere, University-Garneau quietly posted the biggest vacancy improvement of any office submarket, tightening from 12.1% to 10.6% and absorbing 13,768 net square feet. With just 60 buildings and under a million square feet, a little demand goes a long way, but the submarket's year-over-year improvement (from 16.2% in Q1-2025) reflects a structural recovery.

The broader 2026 office narrative is starting to look a bit less fractured than it did at the end of 2025. Hybrid work is now firmly entrenched; the City of Edmonton confirmed it has no plans to end its own hybrid model despite ongoing return-to-office calls. That builds predictability for an occupancy around which demand is gradually re-forming.

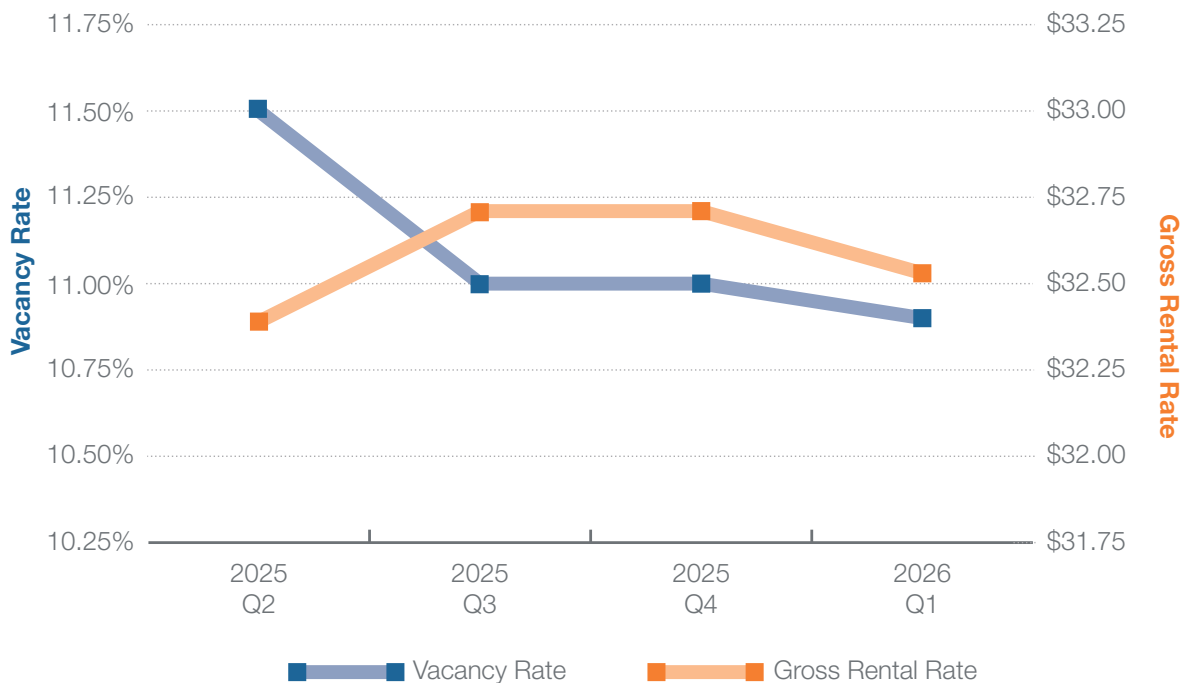
**Some reports show a significant higher vacancy, as they do not account for all downtown office properties.*

OFFICE Vacancy Trends

	2025-Q2	2025-Q3	2025-Q4	2026-Q1
GREATER EDMONTON Buildings Surveyed: 1,379 Existing SF: 47.3M	11.5%	11.0%	11.0%	10.9%
EDMONTON DOWNTOWN Buildings Surveyed: 278 Existing SF: 23.2M	16.2%	15.1%	15.6%	15.2%
EDMONTON SUBURBAN Buildings Surveyed: 820 Existing SF: 18.9M	7.5%	7.4%	7.0%	7.3%
WINDERMERE / SUMMERSIDE Buildings Surveyed: 71 Existing SF: 2.1M	4.8%	3.8%	2.9%	3.4%
UNIVERSITY / GARNEAU Buildings Surveyed: 60 Existing SF: 927.0K	13.7%	12.7%	12.1%	10.6%

Average Gross Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Industrial Market

Greater Edmonton's industrial market opened 2026 more or less exactly where it closed 2025, with low vacancy and a ton of activity. Regional industrial vacancy tightened to 3.6% in Q1 (from 3.8% in Q4-2025 and 3.9% in Q1-2025), with total inventory across 6,188 buildings reaching 205.6 million square feet. Net absorption in Q1 came in at 547,888 square feet on the back of just over 150,000 square feet of new space, meaning the region absorbed meaningfully more space than it added.

Amazon Canada continues to make headlines in the region, finalizing a 50-acre purchase in northwest Edmonton's Apex Business Park for nearly \$40 million right before the New Year, expanding on its current facility footprint in Acheson and Leduc. Meanwhile, the Pembina Pipeline and KinetiCor joint venture for an 1,800-megawatt Greenlight Electricity Centre in the Industrial Heartland continues to progress toward 2029 commercial operations, at the same time that a major Meta AI data centre is anticipated northeast of Edmonton.

The 26 buildings currently under construction across the region represent approximately 1.69 million square feet of upcoming supply. A large share of that pipeline is build-to-suit or pre-leased, continuing last year's pattern of disciplined development rather than speculative overbuilding.

Edmonton's northwest corridor held largely steady, with vacancy sitting at 3.9%, reflecting a slight 45,000-square-foot negative net absorption in Q1.

Across 1,945 buildings and 71.0 million square feet, the northwest remains the region's logistics workhorse, but its limited development pipeline of just 292,490 square feet under construction across four buildings reinforces the narrative that the submarket has largely built out its easily developable sites.

South Edmonton, meanwhile, climbed the ranks as an industry standout, with a vacancy rate hitting just 2.9%. With 10 buildings (428,871 square feet) under construction and strong access to major transportation and growth corridors, the south side remains a strong horse to bet on throughout 2026.

Further out, Sherwood Park-Fort Saskatchewan delivered an impressive Q1 performance, with vacancy shrinking to a remarkable 1.5%. With an average rental rate of \$15.82 per square foot (still the highest in the region), and 342,638 square feet across five buildings under construction, the submarket continues to be propelled by the energy sector and specialized industries. Less awe-inducing, Leduc-Nisku saw meaningful progress as well, with vacancy tightening from 8.0% in Q4 to 7.0% in Q1, on the back of 405,089 square feet of net absorption, the strongest net absorption figure across any Edmonton industrial submarket this quarter.

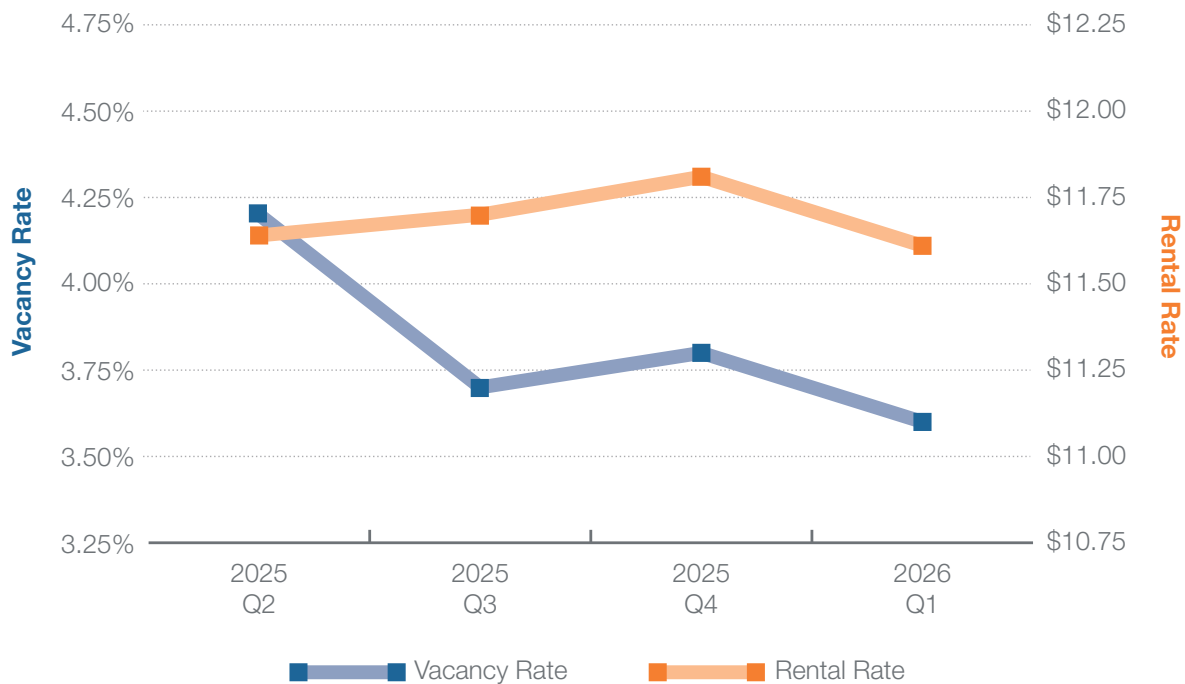
The broader industrial story for 2026 continues to revolve around demand outpacing supply, with much of the new construction space already spoken for. Expect that to continue as the region is eyed for data centre activity, and defence-linked investment.

INDUSTRIAL Vacancy Trends

	2025-Q2	2025-Q3	2025-Q4	2026-Q1
GREATER EDMONTON Buildings Surveyed: 6,188 Existing SF: 205.6M	4.2%	3.7%	3.8%	3.6%
EDMONTON WEST Buildings Surveyed: 1,945 Existing SF: 71.0M	4.1%	3.7%	3.8%	3.9%
EDMONTON SOUTH Buildings Surveyed: 1,842 Existing SF: 66.6M	3.9%	3.1%	3.1%	2.9%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 395 Existing SF: 12.5M	3.6%	2.4%	2.3%	1.5%
LEDUC / NISKU Buildings Surveyed: 892 Existing SF: 28.2M	7.6%	7.6%	8.0%	7.0%

Average Rental Rates vs. Vacancy

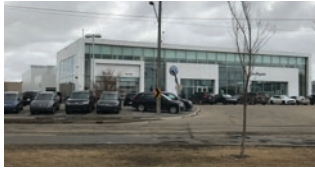
GREATER EDMONTON OVER THE PAST 12 MONTHS



Notable Transactions in the Market

PROPERTIES SOLD

4 NOTES PROUDLY SOLD BY NAI COMMERCIAL



1223/35 - 101 Street SW

Price: \$41,295,100
\$484.57/sq.ft.

Area: Ellerslie Industrial

Property Type: Retail

Size: 85,220 sq.ft.
on 6.79 acres



4104 - 78 Avenue NW

Price: \$22,000,000
\$129.04/sq.ft.

Area: Weir Industrial

Property Type: Industrial

Size: 170,481 sq.ft.
on 10.95 acres



15783 - 116 Avenue NW

Price: \$15,250,000
\$138.35/sq.ft.

Area: Alberta Park Industrial

Property Type: Industrial

Size: 110,220 sq.ft.
on 5.54 acres



63 Strathmoor Drive

Price: \$7,200,000
\$261.39/sq.ft.

Area: Sherwood Park

Property Type: Industrial

Size: 27,545 sq.ft.
on 2.45 acres



10343/49 Jasper Avenue

Price: \$5,750,000
\$563.89/sq.ft.

Area: Downtown

Property Type: Retail

Size: 10,197 sq.ft.
on 8,276 sq.ft.



6501 - 39 Street

Price: \$5,587,600
\$610,000/acre

Area: Leduc

Property Type: Land

Size: 9.16 acres



10505 - 82 Avenue NW

Price: \$5,218,189
\$299.69/sq.ft.

Area: Queen Alexandra

Property Type: Retail

Size: 17,412 sq.ft.
on 12,900 sq.ft.



10534 - 106 Street NW

Price: \$4,300,000
\$117.07/sq.ft.

Area: Central McDougall

Property Type: Office

Size: 36,730 sq.ft.
on 1.38 acres

NAI Listing Highlights

AVAILABLE PROPERTIES FOR SALE



16815 Stony Plain Rd NW

Sale Price: \$1,800,000

Area: Glenwood

Property Type: Retail

Size: 8,705 sq.ft.±



2308 Parsons Road NW

Sale Price: \$6,200,000

Area: Parsons Industrial

Property Type: Land

Size: 2.94 acres±



15706 - 116 Avenue NW

Sale Price: \$8,750,000

Area: Alberta Park Industrial

Property Type: Industrial

Size: 59,273 sq.ft.±
5.60 acres±



4320 Savaryn Drive SW

Sale Price: \$14,495,000

Area: Summerside

Property Type: Office

Size: 43,809 sq.ft.±
4.32 acres±

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