

NAI Commercial

SECOND QUARTER MARKET REPORT 2025

GREATER EDMONTON, ALBERTA





Economic Outlook

Edmonton's economic climate for Quarter 2 of 2025 reflects a city recalibrating with confidence, despite some macro-level turbulence. While economic uncertainty continues to ripple through national headlines, with sustained trade tensions casting ongoing unknowns, the Edmonton region is steadily forging its own path. Supported by industrial strength, construction activity, and consistent migration-driven demand, the Capital Region's economic successes are notable. And, despite some projections that the over \$260 million pulled into the Edmonton economy throughout the Edmonton Oilers' playoff run will result in a Quarter 3 economic hangover, the region's commercial real estate figures tell a story of sustainability.

Industrial activity remains a dominant narrative, as the region is primed to achieve one of the lowest vacancy rates in Canada within a two-year span. The Q2 industrial vacancy rate climbed slightly to 4.2%, up from 3.5% one year ago. New construction is stabilizing, with under-construction inventory dipping below 1.1 million square feet, suggesting a cautious developer mindset, but a baseline of strong, forward-looking investment.

Meanwhile, the Government of Alberta's decision to freeze the provincial industrial carbon tax has generated mixed reactions. While some industrial users see the move as temporary relief amid inflationary pressures and U.S. tariff squabbles, others are signaling longer-term investment hesitations. Dow Chemical, for example, delayed its \$11.5-billion industrial Path2Zero project in Fort Saskatchewan amid stock market uncertainty in Q2. Still, despite Dow's reduction in yearly spending levels, the project hasn't been cancelled, pointing to short-term measures offset by continued long-term confidence.

In the office real estate market, national figures show slight

progress in vacancy reductions, but Edmonton is still contending with persistently high vacancy rates, rising to 11.3% in Quarter 2. There are signals of the vacancy rate bottoming out, as rental rates remain flat and sublet activity increases modestly. Hybrid work, tenant downsizing, and slow absorption rates continue to weigh on the office segment of commercial realty. Still, as has been the story for quite some time now, the overall vacancy rate provides an unclear picture, worsened by the City of Edmonton's downtown core, while simultaneously being propped up by suburban nodes outperforming the dense urban core.

Finally, the retail market continues to outperform expectations in key areas, with a regional vacancy rate of 3.7%, which is amongst the lowest in the country. New-to-market concepts for food and beverage are helping to bolster these figures, and—as is the case in the office real estate market—suburban retail is thriving in the face of consistent population inflows.

Outside of the commercial sector, residential real estate trends continue to point to a strong feeder system for sustained commercial real estate activity throughout the rest of 2025. Multi-family investment activity remained robust through Q2, supported by strong rental demand and relative affordability. The City of Edmonton has now topped national rankings for housing affordability, further fueling local and out-of-province investor interest and relocation.

On balance, Edmonton's fundamentals remain sound. Despite trade pressures and inflation-sensitive sectors creating some market turbulence, population growth, a regional pro-development policy landscape, and resilient core sectors result in the Edmonton region being well-positioned to navigate the shifting national landscape with pragmatism and quiet momentum.

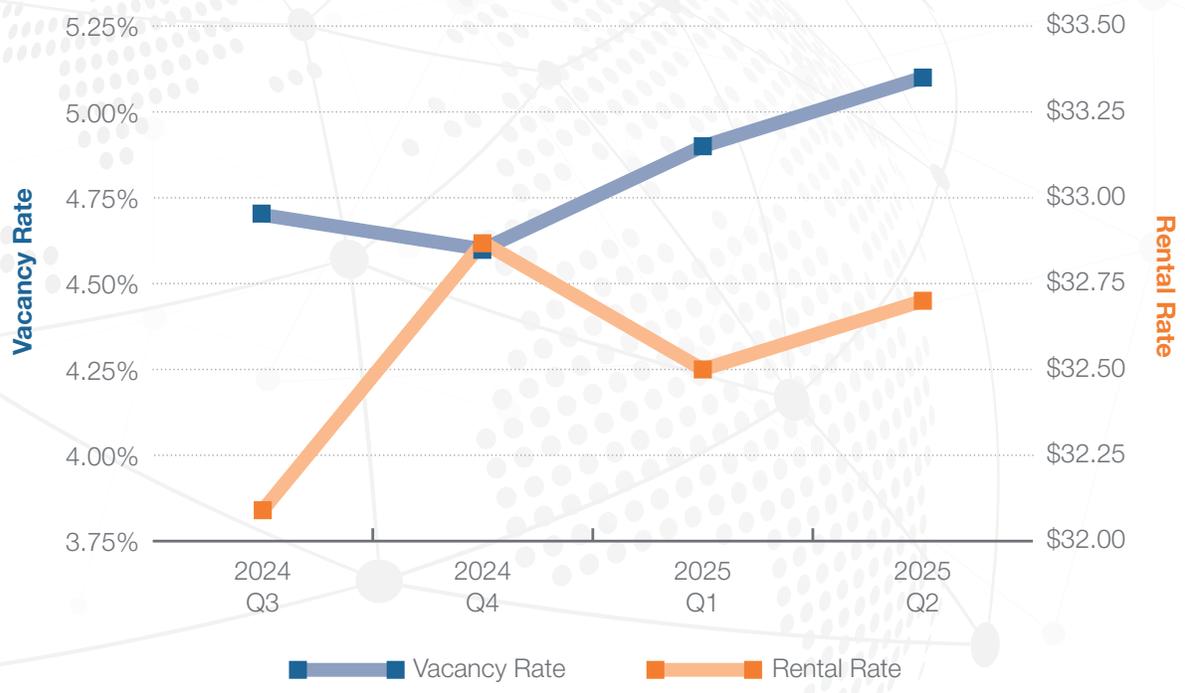
GREATER EDMONTON AT A GLANCE OVERALL VACANCY TRENDS

Buildings Surveyed: 12,487
Existing SF: 329.6M

	2024-Q3	2024-Q4	2025-Q1	2025-Q2
Vacancy Rate	4.7%	4.6%	4.9%	5.1%

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

Retail performance across the Edmonton region held strong through the second quarter of 2025, reaffirming its status as one of the region's most stable and demand-resilient asset classes, regardless of economic shifts. The overall vacancy rate remained low across the city and surrounding area, at just 3.7%, supported by consistent leasing activity in both suburban and urban nodes.

South Edmonton continues to be the belle of the retail ball, posting a low 2.9% vacancy rate, while acting as a magnet for national retailers, quick-service restaurants, and new medical retail uses. Developers remain active, with nearly 650,000 square feet under construction across 41 sites. Much of those projects are already pre-leased or tenant-driven, meaning more general retail construction is likely being lined up—particularly as construction continues to push residential developments west of the City of Edmonton, including multiple subdivisions towards Beaumont.

Moving past Highway 16, the city's northwest saw a slight increase in vacancy to a rate of 6.3%, while the City of Edmonton's Whyte Avenue-Garneau area saw a slight quarter-over-quarter vacancy improvement to 7.7%. Meanwhile, central Edmonton, which includes several older nodes and strip mall-style retail outlets, recorded the highest vacancy rate at 10.7%, up modestly from Q1. Efforts are being undertaken to rejuvenate the available northwest spaces, including some aging inventory that is being converted into non-retail use, or simply redeveloped into more modern spaces. A reduction in total retail inventory, combined with improved spaces attracting new tenants, and efforts for residential improvements in the area, could result in a friendlier northwest retail landscape in the future, though any major occupancy improvements are unlikely in 2025.

Most suburban areas, meanwhile, remained notably healthy through Q2. The City of St. Albert struck a notably

low vacancy rate of just 1.7%, marking the strongest retail performance in the region, though Sherwood Park-Fort Saskatchewan isn't far behind at just 2.5% vacant. Strong interest in boutique and experiential retail formats continue to drive strong occupancy levels in the sparring affluent communities. Leduc's numbers don't fall as close to the suburban competition, but a retail vacancy rate of 4% remains respectable. Still, Leduc's market is worth keeping an eye on, as Q2 figures marked the third consecutive quarter of increasing vacancy, and 4% stands as the highest vacancy level struck since before 2021.

The momentum behind Edmonton's restaurant and hospitality revival is also feeding into overall retail optimism, with supporting businesses filling in gaps, particularly in areas of increased residential activity. That's likely to sustain as areas along Edmonton's southwest corridor in Stillwater, the Uplands, and Edgemont, draw closer to capacity, with construction of new retail spaces lined up. The City of Edmonton, meanwhile, was named as the fifth-best place to purchase real estate in Canada—a poorly kept secret by all accounts, with the City experiencing its largest population gain in more than 20 years in 2023-2024. This influx in population is directly connected to the sustained demand for retail space, and will continue to be, alongside net positive migration.

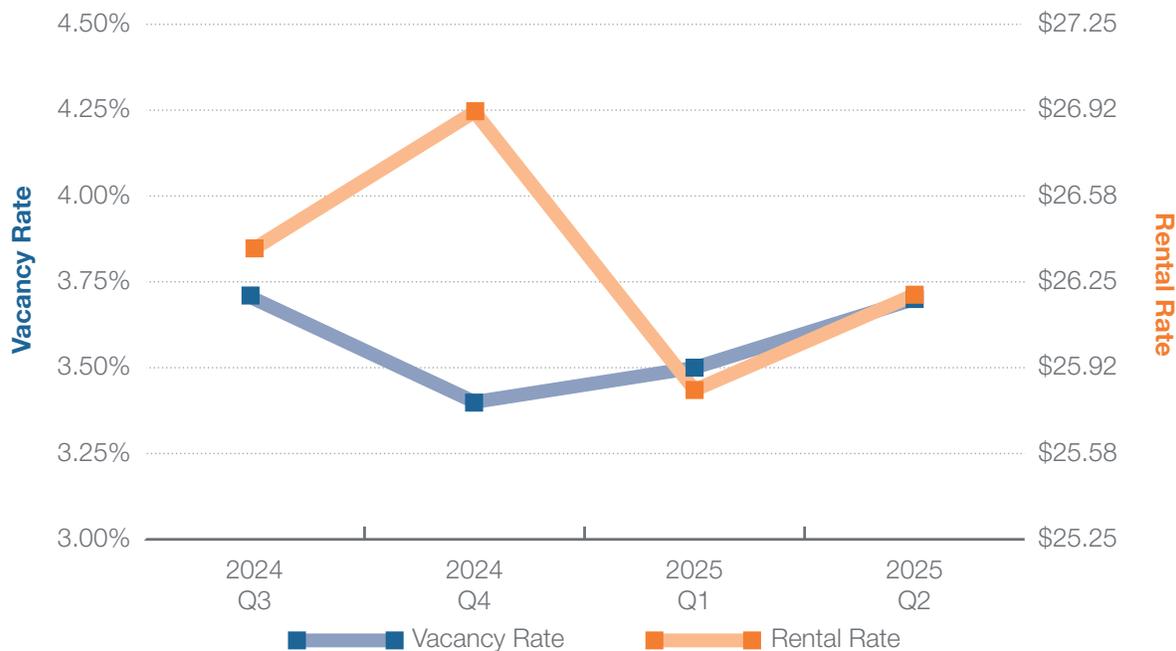
Developers are watching cost pressures closely. There's no question about that. The construction of new retail space, however, continues at a healthy pace, with more than 1.3-million square feet under development throughout the region. As noted, most projects are concentrated in south and northwest Edmonton, including large grocery-anchored and mixed-use sites. With vacancy stable, rents firm, and retail formats evolving alongside residential growth, the sector remains well-positioned to carry its momentum into the second half of the year.

RETAIL Vacancy Trends

	2024-Q3	2024-Q4	2025-Q1	2025-Q2
GREATER EDMONTON Buildings Surveyed: 4,966 Existing SF: 75.7M	3.7%	3.4%	3.5%	3.7%
EDMONTON WEST Buildings Surveyed: 1,196 Existing SF: 22.8M	6.1%	5.4%	5.8%	6.3%
EDMONTON SOUTH Buildings Surveyed: 1,544 Existing SF: 24.0M	3.3%	2.9%	2.8%	2.9%
EDMONTON CENTRAL Buildings Surveyed: 605 Existing SF: 7.7M	10.5%	9.5%	10.2%	10.7%
LEDUC Buildings Surveyed: 164 Existing SF: 2.0M	1.8%	3.2%	3.6%	4.0%
ST. ALBERT Buildings Surveyed: 224 Existing SF: 3.6M	1.2%	2.2%	2.1%	1.7%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 419 Existing SF: 6.3M	1.7%	1.4%	2.2%	2.5%
WHYTE AVENUE / GARNEAU Buildings Surveyed: 195 Existing SF: 1.6M	8.6%	8.7%	7.9%	7.7%

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Office Market

The Greater Edmonton Region office market continues to experience uneven momentum, as tenants and landlords alike recalibrate to long-term shifts in work patterns. The overall vacancy rate edged up to 11.3% in Q2, marking the lowest occupancy level in more than four years, reflecting sustained turbulence in downtown leasing, and modest sublet growth.

Much of the high vacancy rates, however, continue to come from the two Edmonton subregions that have proven low in occupancy levels for quite some time now. The University-Garneau area, for example, continues to hold a high vacancy rate of 14.1%—but this actually rings in as a positive story, with the rate improving from a 16.8% vacancy rate in Quarter 1 of 2025, and by more than six points from the area’s high of 20.5% vacancy level struck at this point in 2023.

Downtown Edmonton, therefore, remains the most challenged segment, with vacancy holding at 16.1%. Despite the Oilers’ playoff run creating a spike in commercial and retail activity downtown, to the tune of more than \$260M, the surge doesn’t repopulate office spaces. Average gross rents held steady (\$33.61 per square foot), while sublet availability increased again in Q2. With minimal new inventory under construction, and a growing demand for modernized workspaces, landlords are increasingly investing in amenity and energy-efficiency upgrades to remain competitive, and in a bid to attract occupancy to the downtown core.

Still—and though it’s been said before—there’s hope on the horizon for the downtown core. The City of Edmonton is proposing a \$533-million action plan to revitalize the downtown core, an initiative cited as

“crucial to the financial sustainability of Edmonton,” while drawing the downtown downturn back to the 2020 pandemic. The proposed plan looks at four overarching goals; around increased property values; increased residential population; increased workers, students and visitors; and reduced commercial vacancy.

Conversely, the suburban office market shows continued signs of resilience. Vacancy held at 8.8%, stable from Quarter 1, with continued residential activity drawing tenancy from medical and professional services, as well as locally owned businesses. Similarly, growth in the City of Edmonton’s southwest—on the outside of the Anthony Henday ring—maintains an office vacancy rate of just 5%, marking a positive story in the region. Gross rents here landed at \$32.85 per square foot, reflecting premium pricing for small-format, purpose-built spaces in hybrid live-work neighbourhoods.

Despite stubborn vacancy rates, Edmonton’s office market is not static. Tenant expectations and needs continue to evolve. However, many larger occupiers remain in a holding pattern—one that has been in place for nearly five years now. Nationally, office vacancy rates showed minor improvement in Q1-2025, but Edmonton’s full recovery remains tied to broader employment growth and investment in the downtown core.

With limited new supply and little construction underway, future absorption will depend on tenant confidence and creative repositioning strategies. For now, the sector continues to lag behind industrial and retail, but remains a vital component of Edmonton’s urban renewal conversation.

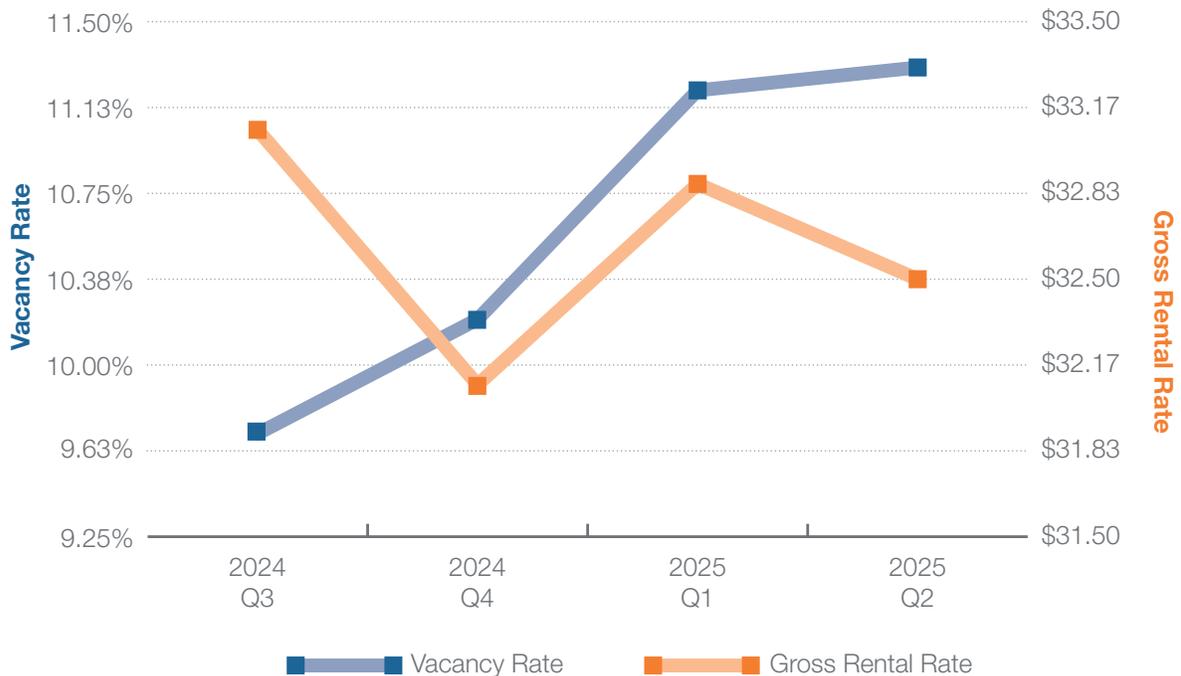
**Some reports show a significant higher vacancy, as they do not account for all downtown office properties.*

OFFICE Vacancy Trends

	2024-Q3	2024-Q4	2025-Q1	2025-Q2
GREATER EDMONTON Buildings Surveyed: 1,381 Existing SF: 48.0M	9.7%	10.2%	11.2%	11.3%
EDMONTON DOWNTOWN Buildings Surveyed: 279 Existing SF: 23.4M	13.9%	15.0%	16.1%	16.1%
EDMONTON SUBURBAN Buildings Surveyed: 827 Existing SF: 19.6M	10.2%	8.4%	9.0%	8.8%
WINDERMERE / SUMMERSIDE Buildings Surveyed: 69 Existing SF: 2.0M	1.2%	2.7%	4.4%	5.0%
UNIVERSITY / GARNEAU Buildings Surveyed: 59 Existing SF: 896.8K	8.9%	10.5%	16.8%	14.1%

Average Gross Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Industrial Market

The Edmonton region's industrial market continues to outperform national expectations, extending its momentum into Q2 2025 with a blend of stable fundamentals and notable resilience. Regional vacancy ticked slightly upward quarter-over-quarter to 4.2%, from 3.9% in Q1-2025, though the Q2 vacancy level remains historically low. Despite projections of a cautious approach by large-scale developers in the near-term, sustained leasing demand and modest deliveries have kept the industrial market busy.

Looking at the region through a narrower lens, the City of Edmonton's northwest region held vacancy at just 4.1%, supported by logistics demand and strong tenant retention. The City's largest industrial node in south Edmonton, meanwhile, posted an even lower vacancy rate of 3.8%. While this actually marks a minimal quarter-over-quarter 0.2% climb in vacancy, the region is primed for maintained or improved occupancy levels, with a steady pipeline of nearly 525,000 square feet of under-construction industrial space. In addition to access to logistics corridors, the area's accessibility, and proximity to continued residential development, continues to attract mid-sized tenants and owner-users.

Outside the city, meanwhile, Sherwood Park-Fort Saskatchewan's industrial vacancy was up by 0.5% from Q1 to 3.6%, with rental rates reaching \$15.18 per square foot—now the highest of all submarkets in the Edmonton region. The continued industrial market uptake in Sherwood Park-Fort Saskatchewan is largely driven by energy-adjacent tenants and specialized fabrication uses. Dow Chemical's stall on its \$11.5B Fort Saskatchewan facility is a hiccup, without question; but long-term industrial demand remains intact. If nothing else, the Dow delay is a reminder of the ripple effect

that macroeconomic conditions have on local markets.

On the opposite end of the spectrum, the Leduc-Nisku area, long a bellwether of Alberta's industrial health, saw vacancy rise to 7.5% in Q2. It's a notable quarter-over-quarter rise from the 6.9% vacancy rate held in Q1 of 2025, but is still lower than was seen at this time last year (7.7%). The shift reflects new space deliveries, with a slight inventory increase of nearly 28,000 square feet through two new facilities, drawing the area's total industrial inventory closer to 28.5M square feet. A mild deceleration in absorption activity doesn't change the fact that Nisku-Leduc remains a stalwart industrial hub, with strong reported interest in newer Class A inventory.

Across the Edmonton region, construction levels are tapering, but that shouldn't come as a major surprise, given the high volume of major industrial construction projects seen in 2024. Just over 1.08M square feet remains under development throughout the area (down slightly from 1.1M in Q1), with measured development activity. Still, Edmonton continues to attract strategic investment, with Q2 seeing some significant announcements, including the Bartlett Group's new international metal works operation in the city's northwest, creating 100 permanent new jobs alongside 25 temporary construction jobs and another 50 seasonal positions.

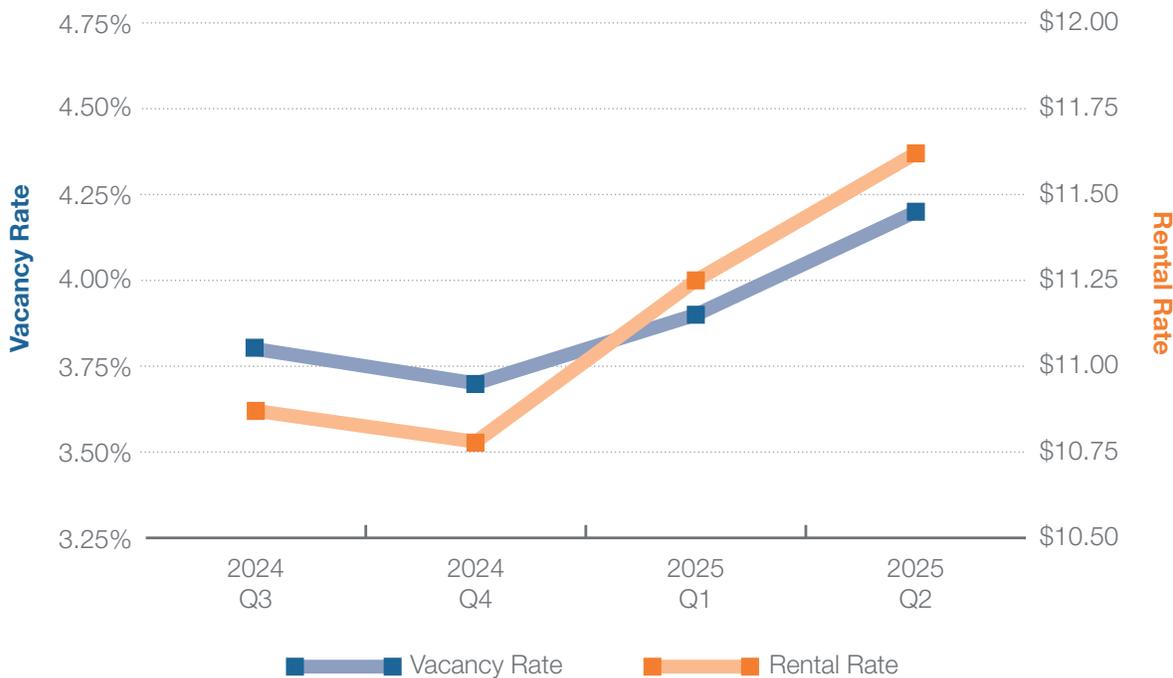
With balanced supply, growing demand from industrial services and logistics operators, and fewer speculative buildings in the development pipeline, the Edmonton region's industrial sector remains one of the most stable in the country. Barring any major macroeconomic shocks (which definitely can't be ruled out, based on what's been witnessed in 2025 to date), the back half of the year is poised to deliver continued absorption and gradual rental rate growth.

INDUSTRIAL Vacancy Trends

	2024-Q3	2024-Q4	2025-Q1	2025-Q2
GREATER EDMONTON Buildings Surveyed: 6,138 Existing SF: 205.8M	3.8%	3.7%	3.9%	4.2%
EDMONTON WEST Buildings Surveyed: 1,942 Existing SF: 71.2M	3.4%	4.0%	4.0%	4.1%
EDMONTON SOUTH Buildings Surveyed: 1,810 Existing SF: 66.7M	3.8%	3.3%	3.6%	3.8%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 394 Existing SF: 12.5M	3.3%	1.9%	3.1%	3.6%
LEDUC / NISKU Buildings Surveyed: 876 Existing SF: 28.5M	7.1%	6.8%	6.9%	7.5%

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



11208 - 189 Street NW

Price: \$61,250,000
\$102.73/sq.ft.

Area: White Industrial

Property Type: Industrial

Size: 596,232 sq.ft.

on 29.94 acres



10805 - 102 Avenue

Price: \$50,000,000
\$176.50/sq.ft.

Area: Grande Prairie

Property Type: Commercial

Size: 283,163 sq.ft.

on 33.26 acres



2899 Broadmoor Blvd

Price: \$20,200,000
\$88.07/sq.ft.

Area: Sherwood Park

Property Type: Commercial

Size: 229,356 sq.ft.

on 3.51 acres



12810 - 58 Street NW

Price: \$15,100,000
\$159.57/sq.ft.

Area: Kennedale Industrial

Property Type: Industrial

Size: 94,630 sq.ft.

on 14.46 acres



14231 - 137 Avenue NW

Price: \$15,000,000
\$231.12/sq.ft.

Area: McArthur Industrial

Property Type: Commercial

Size: 64,900 sq.ft.

on 12.01 acres



4803 - 55 Avenue NW

Price: \$6,000,000
\$287.08/sq.ft.

Area: Pylypow Industrial

Property Type: Commercial

Size: 20,900 sq.ft.

on 1.95 acres



1411 - 90 Avenue

Price: \$6,000,000
\$208.41/sq.ft.

Area: Strathcona County

Property Type: Industrial

Size: 28,790 sq.ft.

on 2.10 acres



9241/65 - 34A Avenue NW

Price: \$5,450,000
\$215.47/sq.ft.

Area: Strathcona Industrial

Property Type: Industrial

Size: 25,293 sq.ft.

on 1.98 acres

NAI Listing Highlights

AVAILABLE PROPERTIES **FOR SALE AND/OR LEASE**



10718 - 98 Street NW

Sale Price: \$2,700,000

Area: McCauley

Property Type: Retail

Size: 15,200 sq.ft.±

0.35 acres±



8704 - 106A Avenue NW

Sale Price: \$2,300,000

Area: Boyle Street

Property Type: Industrial

Size: 16,200 sq.ft.±

0.66 acres±



4320 Savaryn Drive SW

Sale Price: \$15,495,000

Lease Rate: Market

Area: Summerside

Property Type: Office/Industrial

Size: 43,809 sq.ft.±

4.32 acres±



12210 Mount Lawn Road NW

Sale Price: \$7,500,000

Area: Yellowhead Corridor East

Property Type: Industrial

Size: 70,269 sq.ft.±

3.46 acres±

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