NAI Commercial

SECOND QUARTER MARKET REPORT **2026**

GREATER EDMONTON, ALBERTA

Economic Outlook

The second quarter of 2026 did little to disrupt the steady rhythm that the Edmonton-and-area commercial real estate market has settled into, as the Capital Region continues to not only mitigate broader economic challenges, but also host significant investment across commercial sectors.

Regional vacancy across industrial, retail, and office spaces has held at 6% since the beginning of the year, supported by persistent rental rates. In a national economic picture still shaped by cautious capital, a soft Canadian dollar, and unsettled trade policy, the Edmonton area's predictable market conditions are attracting investors and developers across commercial sectors.

That dependability extends beyond commercial real estate, as Edmonton takes the title of most affordable major market in Canada, with a benchmarked average housing price of around $420,000, and a median household income approaching $100,000. These numbers have proven to be a natural marketing pitch for more than 200,000 people who have moved to the Edmonton region over the past four years, resulting in the area's population surging by 15% to nearly 1.7 million. That influx plays an important role in sustaining the high level of commercial demand across sectors, which then feeds the demand-development cycle.

It's no surprise, then, to see steady commercial investment and occupancy levels throughout the region —while simultaneously making Edmonton Mayor Andrew Knack's statement that the City hasn't been "as serious about economic development as [it] could be" almost ironic. Still, Edmonton City Council asserted a renewed commitment to commercial growth as it approved a new five-year economic development strategy built explicitly around the idea of shedding any perceptions that Edmonton is "business unfriendly." The strategy includes streamlined permitting, marquee event attraction, and a focus to grow the City's industrial and commercial tax base. If all goes as planned, the new strategy could drive continued investment, stacking on existing building blocks that saw 2025 with the City of Edmonton taking the title of lone major Canadian market to record a year-over-year increase in commercial property investment.

The first six months of 2026 show that annual growth is no coincidence. High-profile investment deals made in Q2, alone, include a 50% interest in Southgate Centre north of $200 million, and a 600,000-square-foot industrial complex selling for over $62 million, among many others. That's amplified by the diversification story kicking off Q3-2026, with Meta's announcement in July of a $13-billion, gigawatt-scale data centre campus just north of the city in Sturgeon County, paired with a $4.6-billion natural gas plant. More than dollars, the announcement emphasizes confidence in the Edmonton region as an innovative home to emerging technology and energy investment.

Heading into the back half of '26, the market outlook remains positive, with office occupancy slowly rising, tight industrial space inventories being bolstered by new development, and retail rebalancing around a busy construction pipeline. Steady may not be sexy, but it's proven to be a winning formula for the Capital Region.

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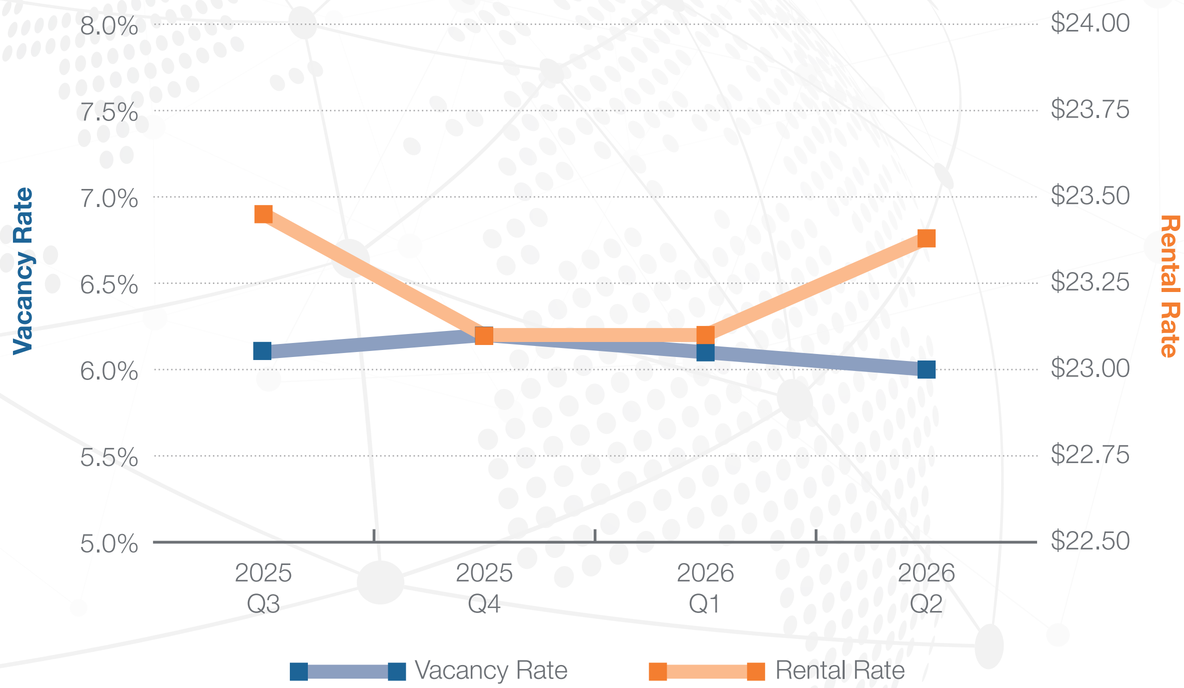
2026-Q2 Greater Edmonton

Market Highlights

GREATER EDMONTON AT A GLANCE OVERALL VACANCY TRENDS	2025-Q3	2025-Q4	2026-Q1	2026-Q2
Buildings Surveyed: 12,600 Existing SF: 327.9M	**6.1%**	**6.2%**	**6.1%**	**6.0%**

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.

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Retail Market

Slow and steady win the retail market landscape.

On the back of more than 311,500 square feet of net absorption, the Edmonton region's 4.1% retail vacancy rate paints a picture of consistency across both demand and development. Despite challenging supply chains, and a wobbly national economic outlook, the Capital Region continues to hold down the fort in the list of top retail performers across major markets in Canada.

Recent successes are expected to continue, with a construction pipeline appropriate to ongoing retail demand. Where industrial build-outs balloon amid big announcements, and measured office development reflects a recovering market, retail investment has proven to be the steady Goldilocks of the bunch. Adding 356,385 square feet of retail market inventory in Q2-2026, an additional 75 construction projects are currently underway, totalling roughly 858,000 square feet.

Even where vacancy rates have risen, the construction pipeline creates a positive news story. South Edmonton's retail market is a prime example, with a rising vacancy rate of 3.8% defied by the area's positive net absorption of nearly 105,000 square feet, all while new space is added to the fold. Nestled along Heritage Valley Trail, Desrochers Village acts as proof of the scale of continued growth. The 30-acre site is set to include a 140,000-square-foot Walmart Supercentre anchoring the development, which includes over 270,000 square feet of planned retail ahead of a rapidly approaching 2027 opening.

Retail repositioning marks a second trend coming out of Q2, following notable stories over the past few years of big-box and traditional shopping mall closures. Now, conversions are bringing new life to many of those spaces. First Capital REIT offers multiple examples on its own. The group has been busy with its 500,000-square-foot conversion of Westmount Centre from an enclosed mall to an open-air centre, while allocating another $6.7 million to carve the former Safeway on Wye Road in Sherwood Park into two modern retail bays.

Less encouraging headlines in Q2 came as L'OCA Quality Market shuttered its Sherwood Park and Parkview locations, combining for around 67,000 square feet of retail space. It's no surprise, therefore, that Sherwood Park-Fort Saskatchewan's vacancy rate loosened slightly from 1.9% to 2.3% in Q2. Still, the submarket holds the title as the region's tightest retail node.

Other suburban market improvements were seen in St. Albert, where the vacancy rate dipped to 7.3%, down from a high of 7.5% in early 2026; and Leduc, where vacancy fell from 4.0% to 3.6%. The softest corners of an overall firm market were seen in Central Edmonton (9.4% vacancy), Whyte Avenue-Garneau (6.9%), and the city's northwest (5.7%), weighed down by older inventory rather than a drop in demand.

At the year's midway point, 2026 seems to be following the region's disciplined retail pattern. New supply is occupied quickly. Minimal vacancy rate changes happen in isolation. Ongoing construction mitigates any market concern. As the Edmonton-area population continues to grow, retail demand and investment are expected to continue to climb in order to meet residential development in the suburbs and densification in older city neighbourhoods.

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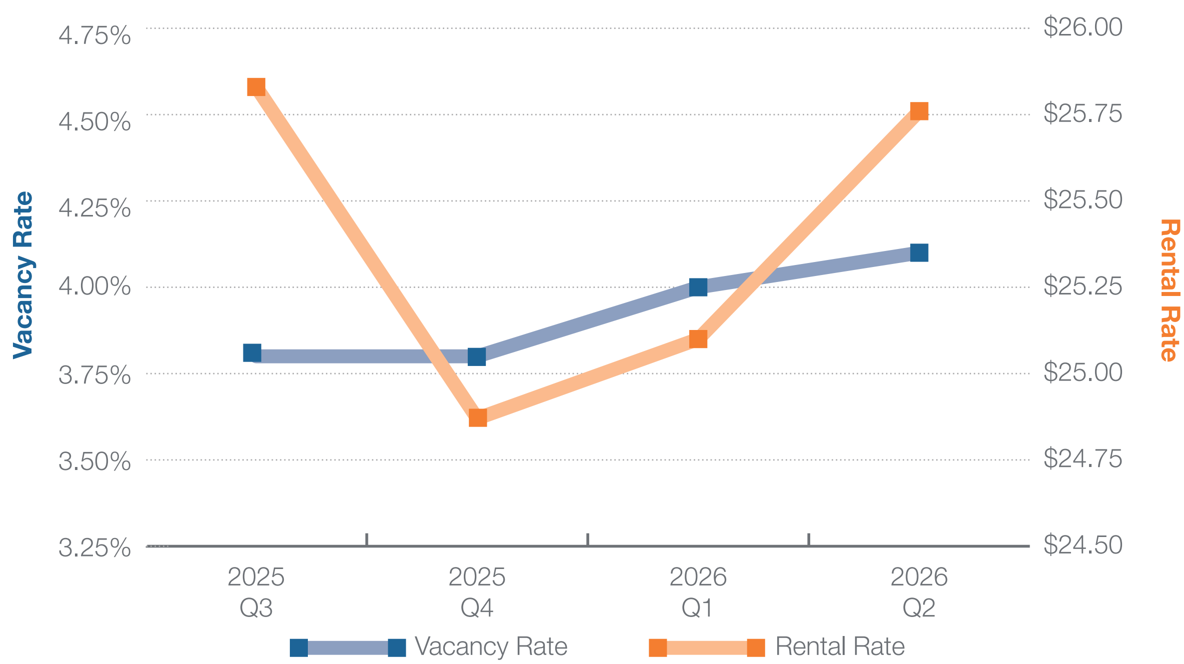
RETAIL
Vacancy Trends

	2025-Q3	2025-Q4	2026-Q1	2026-Q2
GREATER EDMONTON Buildings Surveyed: 5,039 Existing SF: 75.1M	3.8%	3.8%	4.0%	4.1%
EDMONTON WEST Buildings Surveyed: 1,207 Existing SF: 22.3M	5.4%	5.6%	5.9%	5.7%
EDMONTON SOUTH Buildings Surveyed: 1,564 Existing SF: 24.0M	3.1%	3.1%	3.4%	3.8%
EDMONTON CENTRAL Buildings Surveyed: 604 Existing SF: 7.2M	8.9%	9.3%	9.3%	9.4%
LEDUC Buildings Surveyed: 162 Existing SF: 1.9M	4.7%	4.1%	4.0%	3.6%
ST. ALBERT Buildings Surveyed: 228 Existing SF: 3.5M	2.6%	3.7%	7.5%	7.3%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 422 Existing SF: 6.4M	2.2%	2.1%	1.9%	2.3%
WHYTE AVENUE / GARNEAU Buildings Surveyed: 190 Existing SF: 1.5M	7.7%	7.7%	6.8%	6.9%

Average Rental Rates vs. Vacancy
GREATER EDMONTON OVER THE PAST 12 MONTHS



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Office Market

The Edmonton region's office market (and the city's downtown core, in particular) have drawn multiple years of measured, cautious optimism, as analysts watched policy and programs put into practice that would reinvigorate some of the office landscape. While the build-up may have taken longer than some expected, the pay-off is starting to shine through, with steady, incremental improvements resulting in sustainable improvements.

Though the regional vacancy rate of 10.3% still sits in double-digit territory, it is still an improvement from the 10.8% rate seen earlier in 2026, and marks significant progress compared to the 11.5% vacancy rate struck at the same point in 2025. On a broader timeline, the net positive absorption in Quarter 2, reaching nearly 390,00 square feet, marks the strongest absorption rate in six years.

Notably, for the first time in quite a while, some of the positive news stories are coming directly from Edmonton's downtown core. At best a complicated office landscape over the past six years, the downtown vacancy rate fell in Q2 by nearly a full point to 14.3%, down from 15.2% in Q1. That improvement is encouraging. It's the lowest vacancy rate in downtown Edmonton achieved since 2024, marks the second consecutive quarter of meaningful improvement, and stems from the net positive absorption of around 212,500 square feet of office space.

Investment accompanies recovery. Joint tower ownership by Aspen Properties and Rohit Group now includes the former Bell Tower and MNP Tower, at 820,000 square feet between the two buildings, both of which are nearly 80% full. Older stock, meanwhile, is being repriced and repurposed, including the nearly 100-year-old CIBC building on Jasper Avenue hitting the market as a new consolidated space in the ICE District. It's just one example of a larger trend in which downtown demand is driven by the $408-million events district around Rogers Place that continues to move forward. Residents and event attendees are driving improvements as much as office tenants.

As encouraging as the downtown story is proving to be, it represents just one piece of the regional office market update, with other submarkets contributing to an overall story of optimism. Another area that has struggled post-pandemic, the University-Garneau area's vacancy rate held at 10.5% quarter-over-quarter, with no change being a positive sign, particularly when considering it struck a vacancy rate of 13.5% just one year ago. Separate from a suburban vacancy rate that hit 7.2%, Windemere-Summerside's occupancy levels rose in Q2, resulting in a half-point quarter-over-quarter improvement at 3.2%. Typically considered the Belle of the retail ball, Windermere-Summerside's office inventory is notable alongside rapidly expanding residential areas with people seeking short commutes, and continued development in the area is likely to feed both the retail and office markets.

With recovery still needed in bounds, the office market outlook is strong. That's supported by strategic restraint, with under 80,000 square feet currently under construction across four buildings, and only 175,000 square feet of new space delivered in Q2. That leaves room only for absorption to continue chipping away at vacancy rates in existing spaces, instead of occupancy simply shifting from older buildings to newer. Alongside ongoing office-to-residential conversions, for the first time in a while, the trend line and narrative around the Edmonton-area office market are pointing in the same positive direction.

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

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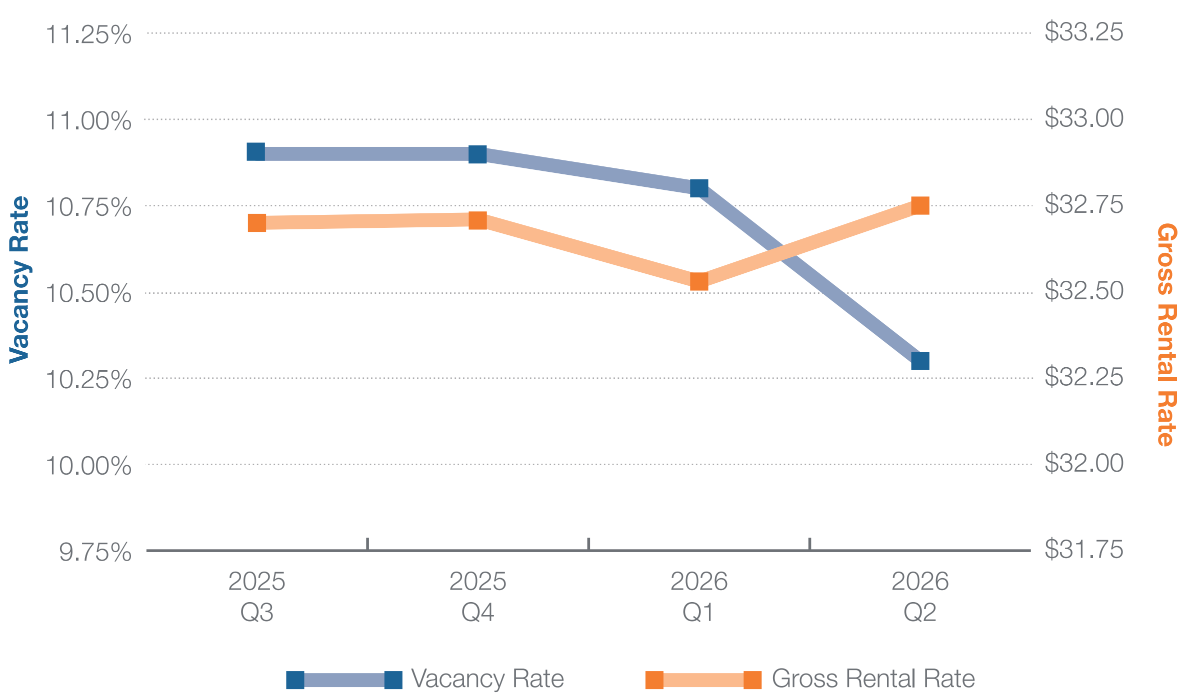
OFFICE
Vacancy Trends

	2025-Q3	2025-Q4	2026-Q1	2026-Q2
GREATER EDMONTON Buildings Surveyed: 1,380 Existing SF: 47.6M	**10.9%**	**10.9%**	**10.8%**	**10.3%**
EDMONTON DOWNTOWN Buildings Surveyed: 277 Existing SF: 23.2M	**15.1%**	**15.5%**	**15.2%**	**14.3%**
EDMONTON SUBURBAN Buildings Surveyed: 819 Existing SF: 18.9M	**7.4%**	**7.0%**	**7.2%**	**7.2%**
WINDERMERE / SUMMERSIDE Buildings Surveyed: 68 Existing SF: 1.9M	**4.1%**	**3.1%**	**3.7%**	**3.2%**
UNIVERSITY / GARNEAU Buildings Surveyed: 60 Existing SF: 936.7K	**12.6%**	**12.0%**	**10.5%**	**10.5%**

Average Gross Rental Rates vs. Vacancy
GREATER EDMONTON OVER THE PAST 12 MONTHS



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Industrial Market

Greater Edmonton's industrial market spent the second quarter of 2026 absorbing its own success. Regional vacancy held at just 3.7%, despite the mildly negative net absorption –121,000 sq. ft. against nearly 235,000 square feet of new inventory added across seven buildings.

The high demand for industrial space has sustained for multiple consecutive quarters. That's nothing new. So, the big story for Q2 is in the construction pipeline, which swelled to roughly 2.5-million square feet being developed across 30 buildings. And while this has been seen before, it remains relevant that much of that space is already spoken for, either as build-to-suit or pre-leased products instead of speculative bets.

Investors are also buying up industrial land, with one of the quarter's defining moves made by Panattoni Development in acquiring the site of the former 100-acre Twin Willows Golf Club in northwest Edmonton, with plans to build up to two-million square feet of new industrial inventory on the site by 2028. Further out, BTB REIT paid $31.5 million for three industrial properties in Leduc, at more than 143,000 square feet; Leon's Furniture moved to take full ownership of its 500,000-square-foot distribution centre and Brick headquarters; and Imperial Equities took on a 4.6-acre parcel of pre-leased land on the west end.

Looking more granularly at submarkets, the northwest area's vacancy rate did climb to 4.2%, with net negative absorption of –341,000 square feet being mitigated by the construction pipeline. South Edmonton's vacancy rate held firm at 2.9%, and Sherwood Park-Fort Saskatchewan remains the tightest industrial market in the region, boasting a vacancy rate of just 1.5% and the region's highest average rental rate ($15.78/sq. ft.). Leduc-Nisku's region-topping 6.5% vacancy rate is a positive news story in disguise, falling 0.3% quarter-over-quarter. The airport-anchored corridor is finding its footing, with the strongest net positive absorption in the region, at 255,000 square feet.

The overall industrial story is a positive one, extending beyond Q2 already, with Meta's early-July announcement of a $13-billion data centre campus in Sturgeon County, supported by a $4.6-billion natural gas facility. The announcement has carried its fair share of controversy, which some analysts believe is indicative of a growing opposition to data centres. That remains to be seen, as more data centres are already proposed in other parts of Alberta.

In the meantime, though, and combined with projects like Dow's Path2Zero complex in Fort Saskatchewan, there is a clear investment wave in Alberta's Industrial Heartland. With multi-billion anchor projects in tow, the region will benefit from significant growth as these builds add thousands of jobs in peak construction, and feed demand for logistics, fabrication, and service space for the foreseeable future.

Expect the same pattern to hold through the rest of 2026, with measured deliveries, disciplined development, and a region where well-located industrial space rarely sits empty for long.

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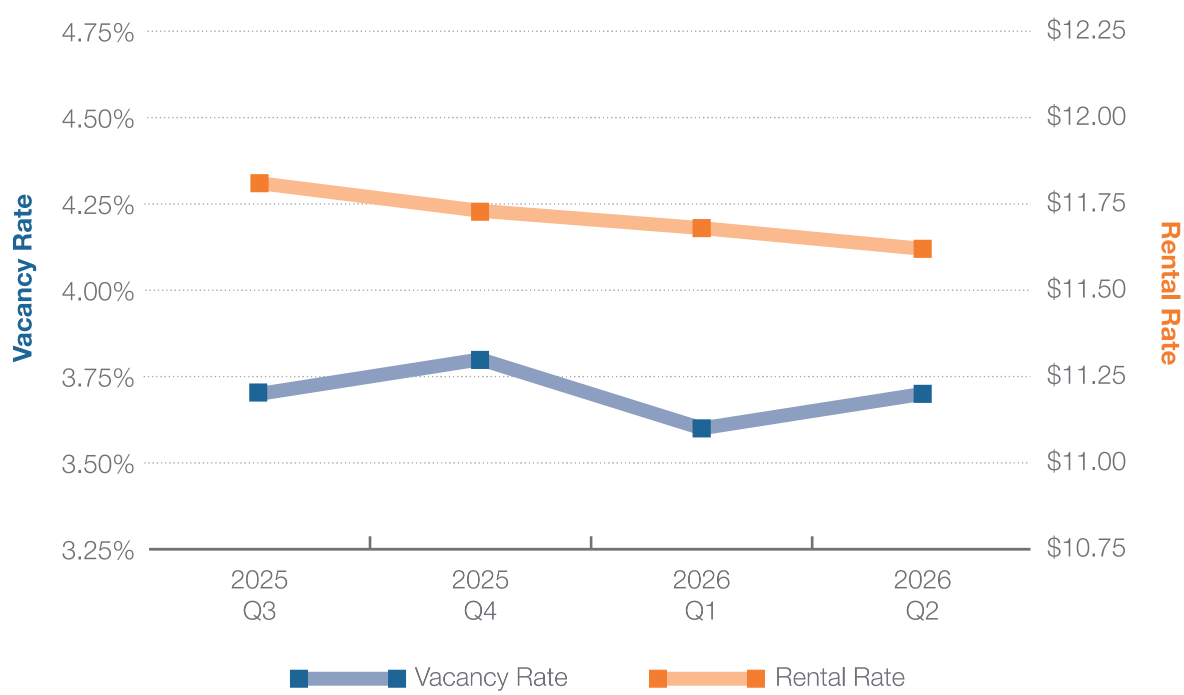
INDUSTRIAL Vacancy Trends

	2025-Q3	2025-Q4	2026-Q1	2026-Q2
GREATER EDMONTON Buildings Surveyed: 6,181 Existing SF: 205.1M	3.7%	3.8%	3.6%	3.7%
EDMONTON WEST Buildings Surveyed: 1,932 Existing SF: 70.6M	3.7%	3.8%	4.1%	4.3%
EDMONTON SOUTH Buildings Surveyed: 1,845 Existing SF: 66.4M	3.1%	3.1%	2.8%	2.9%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 397 Existing SF: 12.6M	2.4%	2.2%	1.5%	1.5%
LEDUC / NISKU Buildings Surveyed: 897 Existing SF: 28.4M	7.6%	8.0%	6.8%	6.5%

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS



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Notable Transactions in the Market

PROPERTIES **SOLD**

NOTES PROUDLY SOLD BY NAI COMMERCIAL

13508/40 Victoria Trail NW
Price: $27,200,000
$483.68/sq.ft.
Area: Belmont
Property Type: Retail
Size: 56,236 sq.ft.
on 6.96 acres

201 Jennifer Heil Way NW
Price: $15,700,000
$120,769.00/suite
Area: Spruce Grove
Property Type: Hotel
Size: 130 units
on 1.98 acres

7103 - 67 Street NW
Price: $15,100,000
$162.78/sq.ft.
Area: Davies Industrial
Property Type: Industrial
Size: 92,762 sq.ft.
on 4.87 acres

13508/42 - 97 Street NW
Price: $14,000,000
$262.78/sq.ft.
Area: Rosslyn
Property Type: Retail
Size: 53,276 sq.ft.
on 5.57 acres

1275 - 101 Street SW
Price: $13,782,365
$501.14/sq.ft.
Area: Ellerslie Industrial
Property Type: Retail
Size: 27,502 sq.ft.
on 4.00 acres

5421 - 50 Street
Price: $13,500,000
$276.06/sq.ft.
Area: Leduc
Property Type: Retail
Size: 48,902 sq.ft.
on 4.86 acres

6810 - 50 Street NW
Price: $10,000,000
$173.63/sq.ft.
Area: Roper Industrial
Property Type: Industrial
Size: 57,593 sq.ft.
on 4.22 acres

2802 - 5 Street
Price: $7,400,000
$121.98/sq.ft.
Area: Nisku
Property Type: Industrial
Size: 58,000 sq.ft.
on 3.53 acres

NAI Listing Highlights

AVAILABLE PROPERTIES **FOR SALE**

6048 - 97 Street NW
Sale Price: $5,600,000
Area: Coronet Industrial
Property Type: Industrial
Size: 41,235 sq.ft.±
1.16 acres±

11682 - 147 Street NW
Sale Price: $3,750,000
Area: Huff Bremner
Property Type: Industrial
Size: 23,645 sq.ft.±
0.98 acres±

14425 - 118 Avenue NW
Sale Price: $10,750,000
Area: Huff Bremner
Property Type: Industrial
Size: 76,267 sq.ft.±
2.54 acres±

11023 - 201 Street NW
Sale Price: $1,800,000
Area: Winterburn Industrial East
Property Type: Land
Size: 1.95 acres±

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