



NAI Commercial

THIRD QUARTER MARKET REPORT 2025

GREATER EDMONTON, ALBERTA



Economic Outlook

Edmonton's economic landscape throughout the third quarter of 2025 tells a story of measured optimism, tempered by persistent uncertainty, as we draw closer to 2026. While trade tensions continue to cast shadows across national forecasts, the Capital Region is demonstrating remarkable resilience, buoyed by population growth that shows no signs of slowing, and a diversifying economic base that's proving more adaptive than many would likely anticipate.

The numbers paint a compelling picture, with Edmonton's population surging nearly 6% year-over-year in 2024, reaching approximately 1.2 million people—set for a five-year trajectory of 16% growth, and a 10% increase between 2022 and 2024 alone. This marks the strongest growth the city has experienced in the last two decades, and another 100,000 residents or so are expected to move to the City of Edmonton over the coming three years. This doesn't even account for growth in the surrounding suburban municipalities, with strong population growth seen in St. Albert, Sherwood Park, Fort Saskatchewan, Stony Plain, Spruce Grove, and Leduc.

This growth isn't just padding statistics; it's translating into tangible market momentum. Housing affordability remains a significant draw for the region, bringing commercial investment in tow, with Edmonton maintaining its position as one of Canada's most accessible markets for both buyers and renters. This competitive advantage is becoming increasingly difficult to overstate in the current national context.

While looked at as a net positive, growth hasn't minimized some of the Q3 challenges, the fallout from which is still being determined. Alberta's unemployment rate climbed following a loss of 14,000 jobs in August, acting as a reminder that economic headwinds remain very real. The ongoing trade war with the U.S., meanwhile, continues to

create planning paralysis for some industrial users, while interest rate movements have failed to unlock a notable wave in investment activity, despite trending downward.

On the development front, major projects continue to advance, though cautiously at times. Meta's data centre deal with Pembina signals continued confidence in the region's infrastructure and energy capacity, while multiple municipalities throughout the Edmonton region have received Northern and Regional Economic Development Program funding, advancing investment readiness. Meanwhile, municipal election campaigns have brought key economic issues to the forefront, including talk around property taxes, economic development, and infill strategies, pointing to potential policy shifts depending on electoral outcomes.

As a sector, commercial real estate is responding to overlapping mixed signals pragmatically. Industrial vacancy continues its historic decline, while office markets show tentative signs of stabilizing after years of turbulence, and retail remains remarkably robust, despite broader economic concerns. In all of this, there's a fair amount of evidence for a market that has learned to navigate uncertainty with measured confidence, tied to strong fundamentals and demand drivers.

Looking ahead to the final quarter of 2025, Edmonton's trajectory appears sustainable. The region's ability to attract newcomers, couples with its relative affordability and diversifying economy, positions the City of Edmonton, and surrounding municipalities, well to weather macroeconomic storms (which are likely still brewing). The question isn't whether Edmonton will grow; it's how quickly the City and region grow, and whether infrastructure and policy can keep pace, alongside economic unknowns at the provincial and federal levels.

2025-Q3 Greater Edmonton Market Highlights

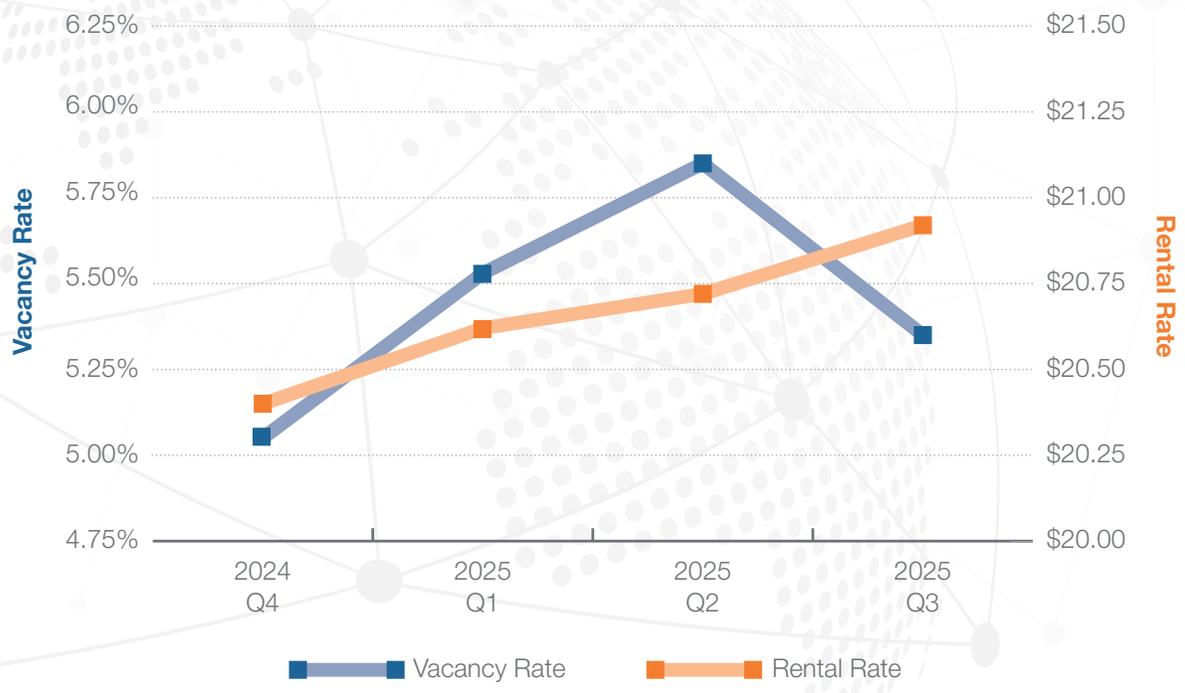
GREATER EDMONTON AT A GLANCE OVERALL VACANCY TRENDS

Buildings Surveyed: 12,531
Existing SF: 328.0M

2024-Q4	2025-Q1	2025-Q2	2025-Q3
5.1%	5.5%	5.9%	5.4%

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.



4601 - 99 STREET, EDMONTON, AB, T6E 4Y1 780-436-7410 | NAIEdmonton.com

THE INFORMATION CONTAINED IN THIS REPORT, AND IN ALL NAI COMMERCIAL EDMONTON REPORTS, IS SOURCED FROM NAI COMMERCIAL REAL ESTATE INC., COSTAR GROUP, AND ADDITIONAL THIRD PARTIES AS RELEVANT AND APPLICABLE. THIS INFORMATION IS DEEMED RELIABLE AND THOUGHT TO BE CORRECT, THOUGH WE MAKE NO ABSOLUTE GUARANTEES OF COMPLETENESS OR ACCURACY. ©2025 NAI Commercial Real Estate Inc.



Retail Market

Edmonton's retail sector delivered another strong quarter, maintaining its position as a stable commercial real estate asset class, with a Q3 vacancy rate of just 3.8%. It's a positive story, despite the negligible 0.1% vacancy rise quarter-over-quarter, with the updated rate still ringing in as one of Canada's lowest. Sustained population growth, consumer spending resilience, and strategic new supply continue to underpin performance across most submarkets.

South Edmonton remained a retail powerhouse, posting a low vacancy rate of 3.1%. The area also attracted the bulk of new development, with over 562,000 square feet under construction across 27 projects. This is naturally tied to the City of Edmonton's continued residential expansion toward Beaumont, along with sustained demand for grocery-anchored retail areas, with replicable category buildouts.

Edmonton's northwest area tells a measured story, with vacancy falling from 6.3% in Q2 to 5.4% in Q3. Aging strip mall inventory and limited residential density in certain pockets continue to challenge absorption, though redevelopment activity, and conversion of retail to alternative uses, may continue to tighten supply by year-end. New construction was minimal in a largely developed area, but more than 85,000 square feet under development across seven projects still suggests a notable level of developer confidence in strategic locations. And, despite posting a high retail vacancy rate of 8.8%, Central Edmonton improved from a Q2 vacancy rate of 11.1%. The improvement suggests that repositioning efforts and the area's proximity to university population have stabilized certain nodes within a diverse submarket.

The biggest wins came in suburban markets. St. Albert struck a 2.6% vacancy rate, up slightly from Q2 (1.8%) but still tight, with asking rents at \$24.33 per square foot reflecting strong demand for boutique and experiential

retail in an affluent community. Sherwood Park-Fort Saskatchewan posted a vacancy rate of 2.3%, maintaining its status as a strong retail market. Leduc, meanwhile, saw its retail vacancy rate climb from 3.5% in Q2 to 4.4% in Q3. The increase is worth monitoring, marking the fourth consecutive quarter of increasing retail vacancy in Leduc.

With work still to be done, vacancy rates along the Whyte Avenue-Garneau stretch are worthy of acknowledgment, improving by half a percent to 7.5% in Q3. The retail corridor has long been challenged by shifting consumer behaviours, but it seems to be finding its footing once again with food and beverage concepts alongside specialty retail that lean into the area's unique character.

Much of the turbulence stemming from the closure of big box stores in 2024 has quieted now, but there's still news to explore through the September listing of all Edmonton's Toys "R" Us locations, presenting opportunities for redevelopment for investors seeking value-added retail plays. This approach was popular after the closure of Rona locations, and is being re-experienced through the redevelopment of spaces previously held by The Bay. Adaptive reuse with mixed residential-retail concepts have been a hot topic of conversation for these landmark sites, which could bear significant impact on retail centres in 2026.

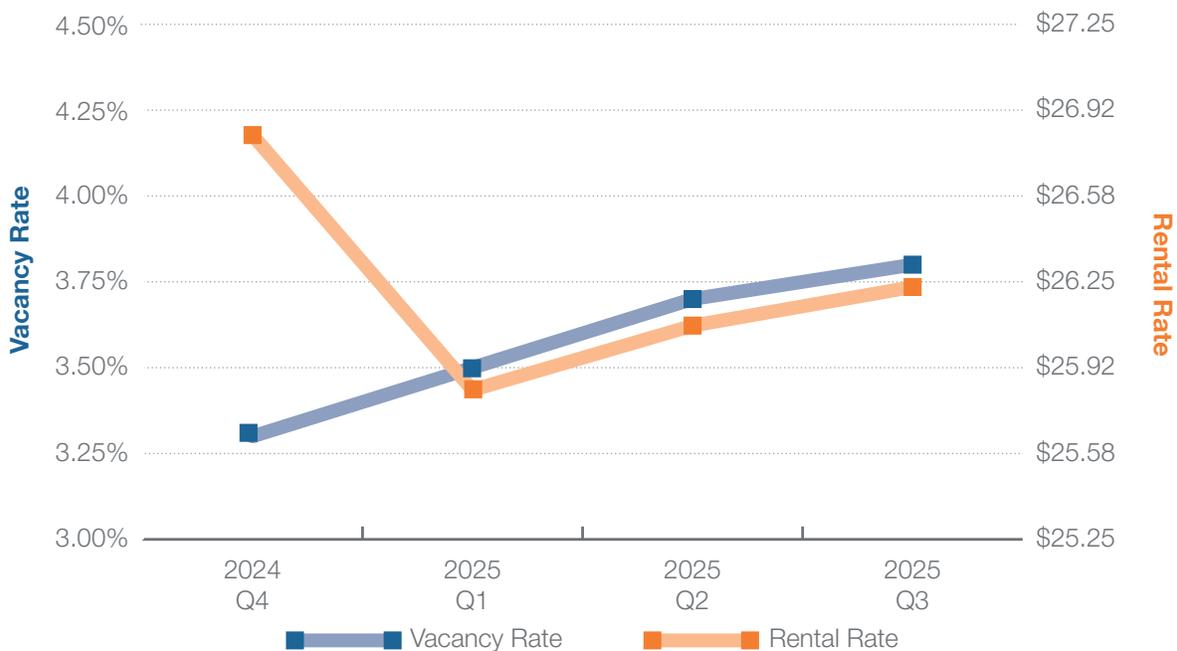
Regardless, Edmonton's retail market enters the final quarter of 2025 in an enviable position. Vacancy nears historic lows, rental rates have been stable and improving in some areas, and population growth has sustained a high level of retail demand supported by measured supply. For a sector faced with an onslaught of challenges amid e-commerce disruptions and economic turbulence over the past five years, Edmonton retail has proven steadfast and profitable. A lot of it just goes back to high school social studies: Location, location, location.

RETAIL Vacancy Trends

	2024-Q4	2025-Q1	2025-Q2	2025-Q3
GREATER EDMONTON Buildings Surveyed: 4,949 Existing SF: 74.4M	3.3%	3.5%	3.7%	3.8%
EDMONTON WEST Buildings Surveyed: 1,187 Existing SF: 22.5M	5.5%	5.8%	6.3%	5.4%
EDMONTON SOUTH Buildings Surveyed: 1,541 Existing SF: 23.4M	2.9%	2.8%	3.0%	3.1%
EDMONTON CENTRAL Buildings Surveyed: 593 Existing SF: 7.4M	9.8%	10.5%	11.1%	8.8%
LEDUC Buildings Surveyed: 162 Existing SF: 2.0M	2.7%	3.0%	3.5%	4.4%
ST. ALBERT Buildings Surveyed: 223 Existing SF: 3.5M	2.3%	2.2%	1.8%	2.6%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 418 Existing SF: 6.2M	1.3%	2.1%	2.5%	2.3%
WHYTE AVENUE / GARNEAU Buildings Surveyed: 191 Existing SF: 1.5M	9.1%	8.3%	8.0%	7.5%

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Office Market

As has come to be somewhat expected, the Edmonton region's office market posted a mixed Q3, with overall vacancy improving from 11.2% in Q2 to 10.5% this past quarter. Still, office markets have become somewhat of a subregional story of feast and famine, where the overall rate fails to tell the success stories of some areas, while being pulled down by challenges in others. Progress in the office landscape is evident, without question, but the market remains fundamentally torn between resilient suburban nodes and a struggling urban core.

This story has been punctuated by Edmonton's downtown core for many years now, where the heaviest office burden is carried. Still, there are positives even in the high downtown office vacancy rates of 14.4% in Q3, which came down from 15.9% in Q2. The improvement is encouraging, recognizing that clawing back from structural challenges takes time. Average asking rates downtown softened to \$33.79 per square foot, while sublet space remained high at over 248,000 square feet. The City of Edmonton's proposed \$533-million downtown revitalization action plan, announced earlier this year, remains critical to any meaningful recovery, with a focus on increased residential population, workforce and student attraction, and a reduction in commercial vacancy. This conversation has risen to the forefront again, as the October 2025 municipal election could shift Council priorities.

Despite downtown's struggles, however, Q3 brought encouraging signs of adaptive reuse gaining traction. Multiple office-to-residential conversion projects advanced. While reducing office inventory, these conversion projects serve the dual purpose of activating downtown with residents, while removing outdated or obsolete spaces from the supply equation. Again, these efforts don't happen overnight, but projects announced in 2024 are now coming to fruition, acting as somewhat of a directed market correction. The next test will come as

a couple of significant developments were listed for sale downtown in the Connect Centre and Tower Development in the Ice District, which will weigh the market demand for large-format office space in a heavy urban core. The timing of the sale, though, could be indirectly benefitted by student housing incentives announced by the City to the tune of \$15 million, which could impact office markets by increasing downtown population density and foot traffic.

The suburban office story, meanwhile, remained more positive. Areas on the outskirts of Edmonton posted a 7.1% vacancy rate in Q3, virtually unchanged quarter-over-quarter, with asking rents of \$30.73 per square foot reflecting sustained demand for modern spaces and amenities in residential growth areas. Small-format office and medical-dental space continues to perform particularly well, driven by population growth and the ongoing preference for shorter commutes, and hybrid-work-friendly locations.

The University-Garneau submarket showed notable improvement, with a one percent quarter-over-quarter decline in vacancy, to 12.7%. This isn't to say vacancy isn't still high relative to suburban nodes, but any improvement is worth acknowledging—and the Q3 trajectory suggests some stabilization after a few years of decline.

All said and done, the office market recovery is fragile. Hybrid work and work-from-home flexibility is no longer a temporary distribution, but a permanent market reality. Edmonton's office inventory will continue to evolve through conversion and repositioning, alongside positive absorption. For investors and landlords, there's some creativity alongside capital investments, and patience is likely a big part of the equation. The suburban markets are shining a light on the path forward, but the downtown Edmonton office space journey will take some time, requiring that it's measured in years as opposed to quarters.

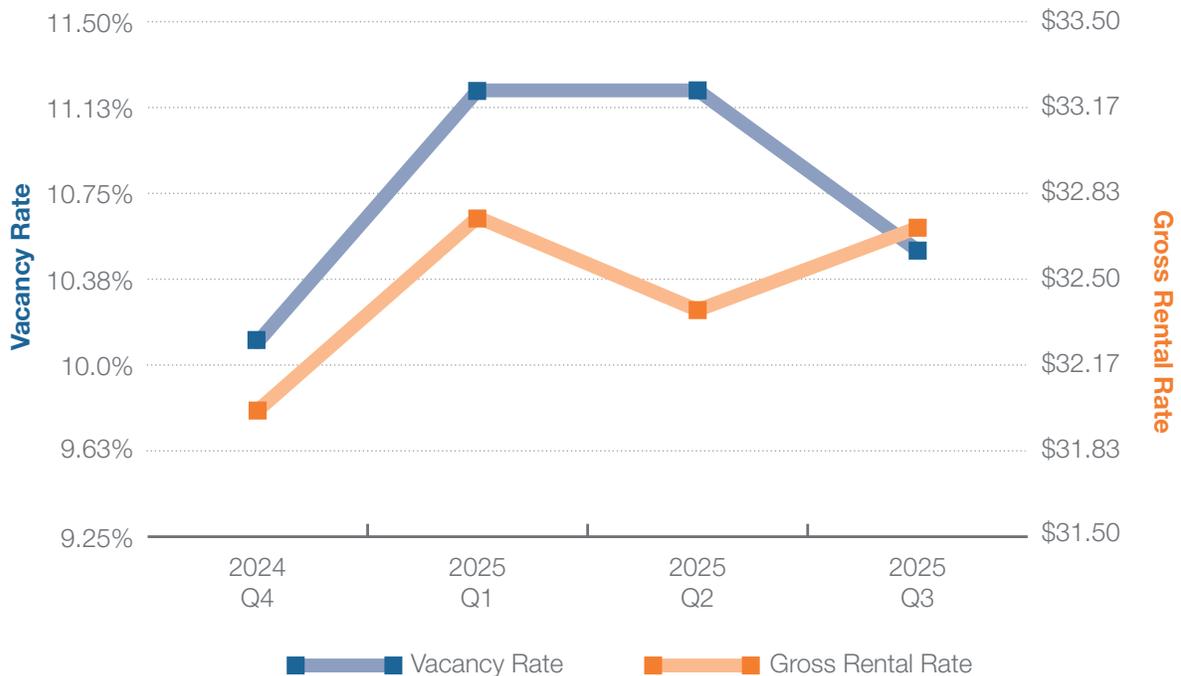
**Some reports show a significant higher vacancy, as they do not account for all downtown office properties.*

OFFICE Vacancy Trends

	2024-Q4	2025-Q1	2025-Q2	2025-Q3
GREATER EDMONTON Buildings Surveyed: 1,387 Existing SF: 48.6M	10.1%	11.2%	11.2%	10.5%
EDMONTON DOWNTOWN Buildings Surveyed: 282 Existing SF: 23.7M	14.7%	15.8%	15.9%	14.4%
EDMONTON SUBURBAN Buildings Surveyed: 824 Existing SF: 19.7M	6.0%	7.2%	7.2%	7.1%
WINDERMERE / SUMMERSIDE Buildings Surveyed: 71 Existing SF: 2.1M	2.7%	4.3%	4.8%	3.8%
UNIVERSITY / GARNEAU Buildings Surveyed: 60 Existing SF: 927.0K	10.2%	16.2%	13.7%	12.7%

Average Gross Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Industrial Market

The Greater Edmonton industrial market continued its remarkable performance through Q3 2025, posting a regional vacancy rate of just 3.7%—a significant decline from the 4.2% mark hit in Quarter 2, further cementing the market’s position amongst the tightest industrial landscapes in Canada. This sustained compression reflects not just strong demand, but also a measured approach to new supply, which has kept the market in equilibrium despite population and business activity surges.

Edmonton’s northwest industrial corridor held steady at 3.7% vacancy, maintaining its status as a logistics and distribution hub. South Edmonton, however, stole the show with a strong vacancy rate of just 3.1%, the lowest of any major submarket in the City direct. With nearly 635,959 square feet under construction across 12 projects in the south, demand continues to outpace supply, driven by logistics, fulfillment, and delivery operations, alongside manufacturing tenants seeking proximity to residential growth corridors.

Maybe the most impressive story, however, comes from the momentum found in Sherwood Park-Fort Saskatchewan, where vacancy dropped to just 2.3%. The area’s asking rents reached \$15.45 per square foot, the highest in the region and an indication of value proposition for energy-sector tenants and specialized industrial users. Despite concerns earlier in the year around formal project delays announced in response to economic headwinds, the industrial market remains exceptionally tight, with limited available inventory and strong tenant retention.

Often cited as an industrial stronghold, the Leduc-Nisku stretch has given us a bit more of a nuanced market snapshot throughout most of 2025, with industrial vacancy hitting 7.5% in Q3, with industry vacancy holding at 7.5% quarter-over-quarter. This is one of those cases in which the numbers don’t tell the full story, with rising vacancy rates largely a reflection of new Class A space coming

online faster than it can be absorbed. With asking rents at \$13.45 per square foot, and construction activity remaining robust with more than one-million square feet currently under construction, Leduc-Nisku remains a logistics gateway foothold.

Projections point to the Edmonton region striking one of the lowest industrial vacancy rates in Canada within a two-year span, which is notable despite being unsurprising. A 23-acre industrial deal in Q3 is indicative of strong investor confidence, supported by regionwide construction activity totalling nearly 1.1-million square feet under development. The development tally is down slightly from Q2 but still represents a substantial industrial investment pipeline, secured through measured confidence. Part of what makes the current level of investment impressive is the amount of space being built to suit, or with strong pre-leasing in place, rather than developers pursuing speculative development at scale.

Net absorption across the region totalled nearly 1.2-million square feet in Q3, with direct space accounting for the lion’s share of absorption. Combined with controlled supply, the uptake of industrial space continues to support gradual rent growth across most submarkets, with regional asking rents averaging \$11.80 per square foot, up by around 20 cents quarter-over-quarter.

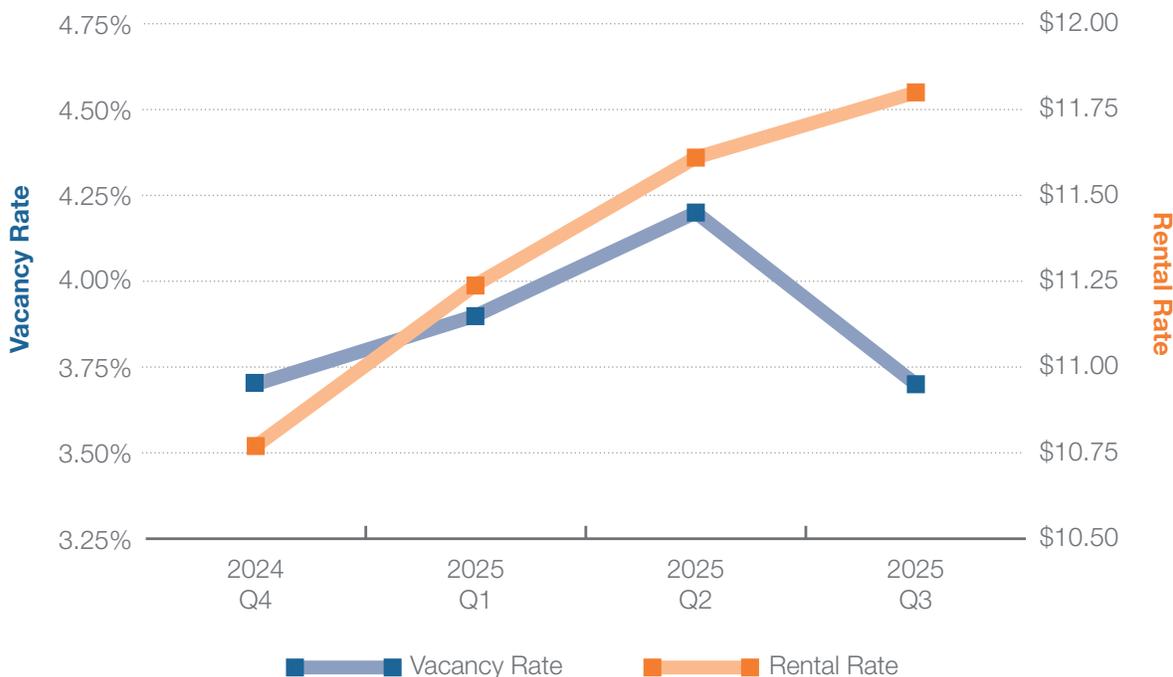
Looking ahead, the region’s industrial market appears poised to maintain its momentum through year-end. Barring any major economic shocks, vacancy is likely to remain low, while rental rates maintain a steady upward trajectory, and tenant competition for quality space intensifies. That’s not without risk; economic shocks are less “shocking” these days than they once were, with the turbulence experienced since the beginning of 2025 alone. Still, for a region that has weathered significant volatility in recent years, the industrial sector’s stability and growth stand out as a continued success story.

INDUSTRIAL Vacancy Trends

	2024-Q4	2025-Q1	2025-Q2	2025-Q3
GREATER EDMONTON Buildings Surveyed: 6,183 Existing SF: 205.8M	3.7%	3.9%	4.2%	3.7%
EDMONTON WEST Buildings Surveyed: 1,943 Existing SF: 71.1M	4.1%	4.0%	4.1%	3.7%
EDMONTON SOUTH Buildings Surveyed: 1,838 Existing SF: 66.6M	3.3%	3.5%	3.8%	3.1%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 394 Existing SF: 12.5M	1.9%	3.1%	3.6%	2.3%
LEDUC / NISKU Buildings Surveyed: 889 Existing SF: 28.7M	6.8%	6.9%	7.5%	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



2460/2540 Guardian Rd

Price: \$35,125,000
\$554.17/sq.ft.

Area: Glastonbury

Property Type: Retail

Size: 63,383 sq.ft.
on 7.86 acres



4600 - 99 Street NW

Price: \$18,740,000
\$192.89/sq.ft.

Area: Papaschase Industrial

Property Type: Flex

Size: 97,154 sq.ft.
on 5.19 acres



13625 - 159 Street NW

Price: \$11,400,000
\$400.00/sq.ft.

Area: Mistatim Industrial

Property Type: Industrial

Size: 28,500 sq.ft.
on 6.59 acres



10918 - 184 Street NW

Price: \$10,225,000
\$154.61/sq.ft.

Area: White Industrial

Property Type: Industrial

Size: 66,133 sq.ft.
on 7.67 acres



5681 - 70 Street NW

Price: \$7,000,000
\$147.11/sq.ft.

Area: Roper Industrial

Property Type: Office

Size: 47,583 sq.ft.
on 1.91 acres



8906 - 114 Street NW & 11402 - 89 Ave NW

Price: \$4,800,000
\$211.91/sq.ft.

Area: Fort Saskatchewan

Property Type: Industrial

Size: 22,651 sq.ft.
on 3.95 acres



6415 & 6701 Montrose Blvd

Price: \$4,550,150
\$149.52/sq.ft.

Area: Beaumont

Property Type: Land

Size: 7.52 acres



11512 - 88 Avenue NW

Price: \$4,500,000
\$289.61/sq.ft.

Area: Roper Industrial

Property Type: Industrial

Size: 15,538 sq.ft.
on 1.91 acres

NAI Listing Highlights

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



3030 - 3 Avenue NE

Sale Price: \$10,995,000
Area: Calgary

Property Type: Office

Size: 182,573 sq.ft.±
7.86 acres±



4504-4576 - 36 Street East

Sale Price: \$8,000,000
Area: Leduc County

Property Type: Industrial

Size: 55,799 sq.ft.±
6.70 acres±



63 Strathmoore Drive

Sale Price: \$7,750,000
Lease Rate: \$18.00/sq.ft.

Area: Sherwood Park

Property Type: Industrial
Size: 27,545 sq.ft.±
2.45 acres±



10882 - 98 Street NW

Sale Price: \$8,383,000
Area: McCauley

Property Type: Multi Family

Size: 18,059 sq.ft.±
0.22 acres±

THE INFORMATION CONTAINED IN THIS REPORT, AND IN ALL NAI COMMERCIAL EDMONTON REPORTS, IS SOURCED FROM NAI COMMERCIAL REAL ESTATE INC., COSTAR GROUP, AND ADDITIONAL THIRD PARTIES AS RELEVANT AND APPLICABLE. THIS INFORMATION IS DEEMED RELIABLE AND THOUGHT TO BE CORRECT, THOUGH WE MAKE NO ABSOLUTE GUARANTEES OF COMPLETENESS OR ACCURACY.

©2025 NAI Commercial Real Estate Inc.