

NAI Commercial

FOURTH QUARTER MARKET REPORT 2025

GREATER EDMONTON, ALBERTA





Economic Outlook

As 2025 came to a close, Edmonton's commercial real estate market demonstrated measured resilience, balancing steady momentum with ongoing uncertainty. Rather than speculative expansion, conditions are aligning toward disciplined, strategic growth across industrial, office, and retail sectors heading into 2026. While trade tensions and tariff pressures continued to fluctuate throughout the year, including in the final quarter of 2025, Edmonton defied many early-year projections that pointed towards potential slowdowns, reinforcing its reputation as a market capable of absorbing repeated headwinds. As 2026 begins, confidence amongst analysts is less about avoiding risk, and more about managing it effectively.

Population growth remains a powerful economic driver throughout the region. Building on the 6% year-over-year increase recorded in 2024, the capital city's population growth hit 16% over five years, with a further 100,000 residents expected over the next three years. Surrounding municipalities such as St. Albert and Leduc are experiencing similar momentum. This growth is no longer considered an anomaly, as it has sustained for long enough that demand can be tied directly to commercial activity, supported by strong housing starts and resilient consumer spending across most retail categories.

The broader economic backdrop for 2026 reflects a mixed landscape. Alberta's economy continues to outperform much of Canada, with real GDP growth projected at 2.3%. Unemployment stabilized through 2025 at elevated but manageable levels, and is expected to trend modestly lower over the coming year. Oil production reached record levels in 2025, supported by expanded Trans Mountain capacity, and agriculture delivered exceptional yields. Softer oil prices are anticipated in 2026, but Edmonton's diversified industrial base of logistics, manufacturing, agri-business, and emerging technologies, positions the region to continue attracting investment across stable market positions. These dynamics reinforce a sustainable cycle:

industrial investment drives job creation, which encourages population growth, which fuels residential demand, which supports expanded retail and office space, all of which stimulates further employment and secondary industries, which pushes additional growth. This self-reinforcing loop underpins Edmonton's long-term stability and distinguishes it from more volatile markets.

At the sector level, industrial fundamentals remain exceptionally strong. Regional vacancy tightened further to 3.8% in Q4, among the lowest in Canada. Demand continues to outpace supply, with nearly 2.5 million square feet under development across approximately 38 buildings. Much of this space is build-to-suit or pre-leased, limiting speculative risk. Office market conditions remain nuanced. Downtown vacancy sits at 15.6%, though projections show steadying rates as efforts to shore the office landscape continue. Office-to-residential conversions continued through 2025, removing inventory while adding downtown population, which should see continued pay-off over the coming year and beyond. Suburban office markets continue to outperform, posting a 6.8% vacancy rate benefitted by population growth corridors and sustained demand. Retail performance remains a standout, with Q4 vacancy holding at a low 3.9%, with well-located, population-aligned retail continuing to perform strongly.

Looking ahead to 2026, interest rate reductions by the Bank of Canada are beginning to filter through the market, with improved financing conditions expected to support transaction activity and development feasibility. The outlook points to gradual, sustainable improvement rather than rapid expansion. Industrial vacancy is expected to remain tight, office markets should continue stabilizing, and retail fundamentals are likely to remain strong. The central question for 2026 is not whether Edmonton will grow, but whether growth will be sufficient to absorb new supply and sustain investment momentum. Current indicators suggest a cautiously positive answer.

2025-Q4 Greater Edmonton Market Highlights

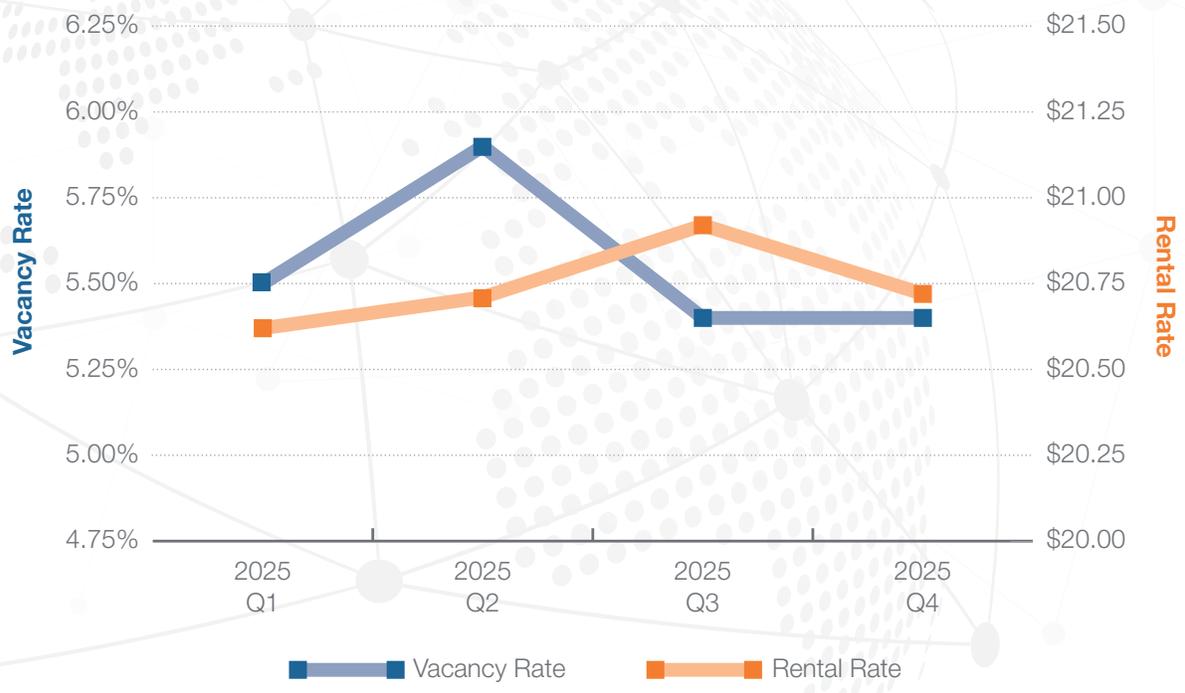
GREATER EDMONTON AT A GLANCE OVERALL VACANCY TRENDS

Buildings Surveyed: 12,556
Existing SF: 328.6M

	2025-Q1	2025-Q2	2025-Q3	2025-Q4
Vacancy Rate	5.5%	5.9%	5.4%	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/>

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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

Edmonton's retail sector boxed up 2025 with a performance that's become almost predictable in its consistency... which is kind of the point. The region posted a Q4 vacancy rate of just 3.9%, maintaining its position amongst Canada's tightest retail markets, while defying broader economic headwinds. Future projections show no signs of a slowdown, either, with 65 projects representing over a million square feet still under construction, acting as proof that developers continue betting on retail in the capital region.

Adaptive reuse continues to breathe new life into aging retail infrastructure, which feels weird to say considering the Q4 announcement that a scaled-back version of the not-so-new Zellers would be making a comeback at Londonderry Mall. When legacy brands return for smaller-format stores in suburban malls, it can only signal confidence that experiential retail and nostalgia-driven concepts can succeed where traditional department stores struggled.

South Edmonton continued its retail title shot as the Q4 vacancy rate struck 3.2%. Additional space created through 25 projects still under construction, representing 583,514 square feet coming online in 2026, is projected to pay into a mixed-use approach increasingly defining suburban development. The residential-commercial tenancy provides a built-in customer base that has already proven successful in many areas (including Strathcona County's Centre in the Park), but its resurgence in areas like Spruce Grove is notable.

Northwest Edmonton posted a 5.5% vacancy rate with a negative net absorption of over 30,000 square feet, with aging strip mall inventory challenges persisting. Redevelopment of underperforming sites to alternate uses will continue to tighten the subregion's retail market supply, though the shift appears to be happening incrementally rather than through demolition. While still high, Central Edmonton's retail vacancy rate showed improvement

from midway through the year (from Q2's 11%, to Q4's 9.2%), despite a negative net absorption exceeding 34,000 square feet. There are undoubtedly hurdles to overcome in each of these areas, but both are considered highly affordable against lower-vacancy subregions, and Central Edmonton's proximity to the University of Alberta provides a natural tenant base.

Outside the City of Edmonton, suburbs are finding consistent success, including Leduc's low 3.8% vacancy rate, improving from 4.4% quarter-over-quarter; and Sherwood Park-Fort Saskatchewan's maintained regional low of 2.3% vacancy. The latter's success is attributed to sustained population growth and affluent demographics that result in demand exceeding supply; regardless of reason, though, the subregion screams sustainability, with an office market vacancy rate that also leads the pack amongst subregions. Notably, the end of 2025 saw Sherwood Park-Fort Saskatchewan pull away with a greater lead, as St. Albert's vacancy rate rose from 2.6% in Q3 to a still-respectable 3.7%. This slip shouldn't be interpreted as a sign of challenges to come. Following several consecutive quarters of exceptional performance and exhausted inventory, it's a slight dip in occupancy within a subregion where job creation outpaced that of the City of Edmonton. The economic momentum is there.

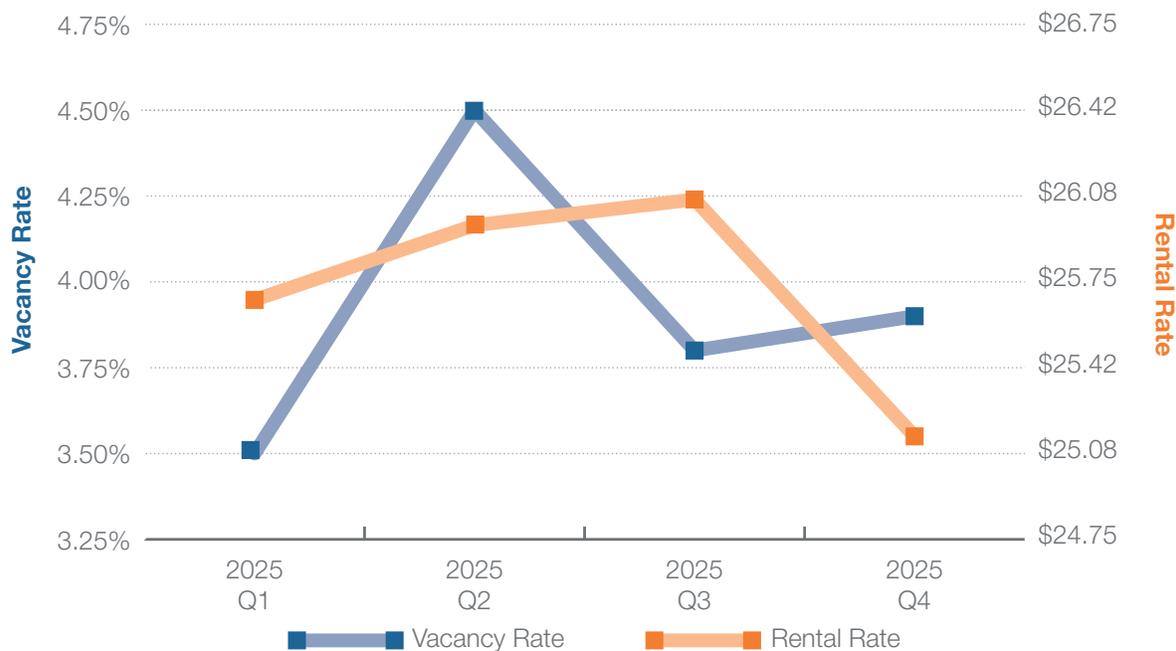
Looking ahead to 2026, regional retail appears positioned to maintain vacancy near historic lows while rental rates hold firm in supply-constrained submarkets. The sector's resilience in the face of numerous overlapping challenges stands as a testament to sustainability across news cycles, as population growth, increased residential density, and retail location succeeds regardless of macro headwinds. For investors and developers, Edmonton retail offers stability few commercial sectors can match, with tight vacancy, measured supply growth, and demand anchored in demographics. The market is reliable.

RETAIL Vacancy Trends

	2025-Q1	2025-Q2	2025-Q3	2025-Q4
GREATER EDMONTON Buildings Surveyed: 4,972 Existing SF: 75.0M	3.5%	4.5%	3.8%	3.9%
EDMONTON WEST Buildings Surveyed: 1,190 Existing SF: 22.5M	5.8%	7.6%	5.4%	5.5%
EDMONTON SOUTH Buildings Surveyed: 1,547 Existing SF: 23.5M	2.8%	3.3%	3.1%	3.2%
EDMONTON CENTRAL Buildings Surveyed: 593 Existing SF: 7.4M	10.5%	11.0%	8.7%	9.2%
LEDUC Buildings Surveyed: 163 Existing SF: 2.0M	3.0%	3.5%	4.4%	3.8%
ST. ALBERT Buildings Surveyed: 224 Existing SF: 3.5M	2.2%	4.4%	2.6%	3.7%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 422 Existing SF: 6.8M	2.2%	2.6%	2.4%	2.3%
WHYTE AVENUE / GARNEAU Buildings Surveyed: 190 Existing SF: 1.5M	8.5%	8.2%	7.7%	7.6%

Average Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Office Market

Edmonton's office market closed 2025 as a tale of two cities. The region posted an overall vacancy rate of 10.8% in Q4, virtually unchanged quarter-over-quarter, but that aggregate figure masks the very different realities playing out across submarkets.

Downtown continues to wrestle with challenges driving a 15.6% vacancy rate, while suburban nodes hold firm at 6.8%. Specialized areas like Windermere-Summerside stand above the rest, with an almost impossibly tight 3% vacancy rate. As the evolution of office realty continues, the region hosts a fractured market, with distinct stories that happen to share a regional average.

Despite hosting a high vacancy rate, the downtown core did see improvement throughout the course of the year, from 16.3% in Q1 of 2025. The real downtown discourse, however, stems from the core's ongoing transformation rather than its vacancy statistics. Multiple office-to-residential conversion projects advanced throughout Q4, with announcements of additional buildings joining the adaptive reuse pipeline in 2026. The City of Edmonton's \$15-million downtown student housing incentive program signals recognition that the path forward requires increased population density, and coincides with a marquee listing of the Ice District's Connect Centre and Tower Development, placing Class A space on the table. Still, it's a step in the right direction, as the core's vacancy rate climbed slightly from 15.2% in Q3 to the Q4 rate of 15.6%, despite posting a net negative absorption of over 100,000 square feet.

On the flipside, suburban office markets continue demonstrating why location matters more than ever in Edmonton's split landscape. The suburban node posted 6.8% vacancy in Q4, down from 7.2% in Q3, while absorbing 109,961 net square feet. The 19.4-million square feet of suburban inventory delivered over 93% occupancy, driven

by tenant preferences for short commute times, locations well suited to hybrid work models, and modern amenities in residential growth corridors.

Windermere-Summerside continues operating in a category entirely its own with a 3% vacancy rate in Q4, tightening from Q3's 3.8% rate, and posting occupancy levels that rival industrial markets rather than office space. This includes boasting a rental rate of \$35.43 per square foot, the highest in the entire Edmonton region, reflective of the premiums tenants pay for modern space in south Edmonton's fastest-growing residential area. This is one of those areas where demographic trends align well with the office space provided, thereby creating scarcity conditions that support the premium rental rates, and which will likely result in new development announcements throughout 2026.

The broader office narrative heading into 2026 centres around work structures. A shift to hybrid work became a trend throughout the second half of 2025, moving away from full work-from-home setups that wreaked havoc on office vacancy rates in 2020-2021. The question now is whether the hybrid approach represents a temporary disruption or a permanent reset, which could bolster renewed investor interest across the region.

Still, the regional office market vacancy rate is likely to remain elevated throughout 2026, with downtown continuing to shoulder the bulk of that stress, while suburban markets tighten even further. Again, the regional number fails to provide an accurate portrayal of the office landscape, with different submarkets operating under completely different sets of rules, and carrying opposite opportunities. That divide is likely only to deepen in the New Year, with investment downtown focused on shrinking the office footprint, and investment in the suburbs focused on growth in a low-vacancy environment.

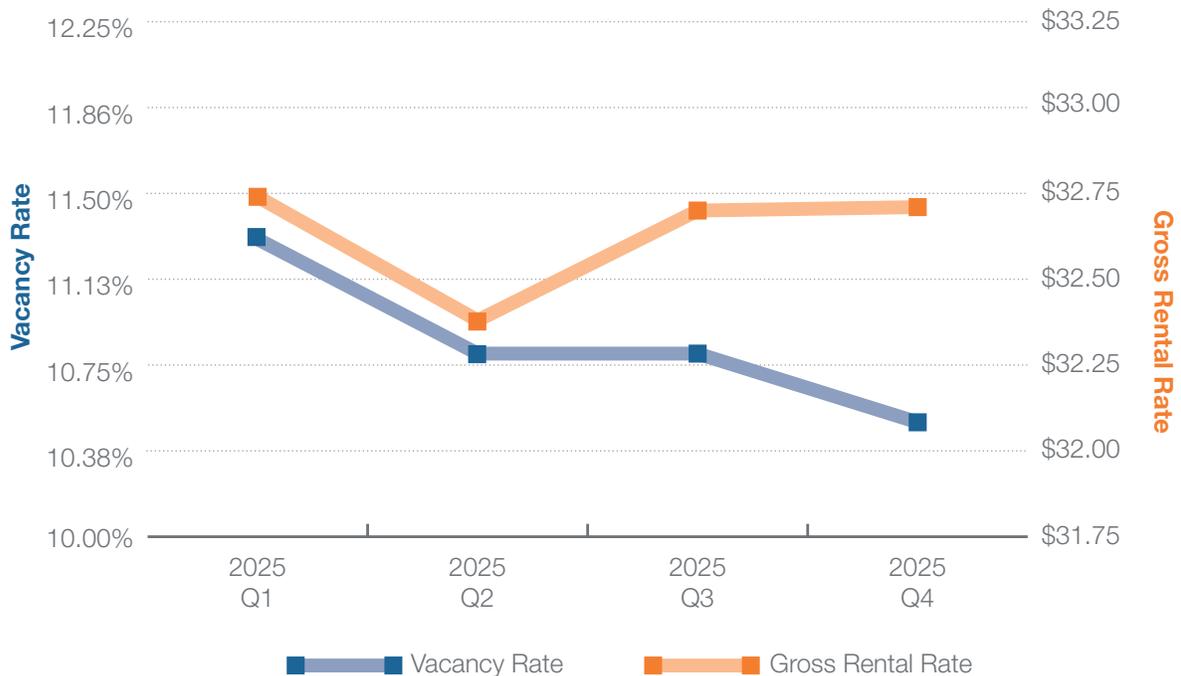
**Some reports show a significant higher vacancy, as they do not account for all downtown office properties.*

OFFICE Vacancy Trends

	2025-Q1	2025-Q2	2025-Q3	2025-Q4
GREATER EDMONTON Buildings Surveyed: 1,384 Existing SF: 47.9M	11.3%	11.4%	10.8%	10.8%
EDMONTON DOWNTOWN Buildings Surveyed: 280 Existing SF: 23.0M	16.3%	16.3%	15.2%	15.6%
EDMONTON SUBURBAN Buildings Surveyed: 823 Existing SF: 19.4M	7.3%	7.3%	7.2%	6.8%
WINDERMERE / SUMMERSIDE Buildings Surveyed: 71 Existing SF: 2.0M	4.3%	4.9%	3.8%	3.0%
UNIVERSITY / GARNEAU Buildings Surveyed: 60 Existing SF: 927.0K	16.2%	13.7%	12.7%	12.1%

Average Gross Rental Rates vs. Vacancy

GREATER EDMONTON OVER THE PAST 12 MONTHS





Industrial Market

Greater Edmonton's industrial market wrapped up 2025 with a story that's equal parts vindication and anticipation. The region posted a Q4 vacancy rate of just 3.8%, re-establishing its dominance as one of the tightest industrial markets across Canada. The consistency of sustained low vacancy rate, despite millions of square feet being added to the market over a relatively short period of time, is proof that the Edmonton region's industrial market isn't riding a temporary wave. Instead, there's a steady equilibrium that's been achieved in securing investment in both new development and growth in existing products.

The Meta data centre announcement with Pembina Pipeline, northeast of Edmonton, helped drive this point home. While early-2025 announcements saw data centres sprawled across rural Alberta, the Edmonton region is pulling in significant tech investment. This acts as clear market validation, further adding to market diversification and stronger fundamentals.

Regional inventory approached 206 million square feet across almost 6,200 buildings, absorbing 250,000 net square feet in Q4. With continued development, there's a big win that may not be immediately clear in the 20 buildings currently under construction (accounting for nearly 1.4-million square feet), which is that much of the construction pipeline serves build-to-suit or pre-leased commitments, rather than speculative gambles. This means that investment isn't stemming from hopes and dreams, but that it is rooted in a strong foundation of sustained demand, as much of the new inventory comes online as part of confirmed agreements, and remaining speculative spaces play to a large audience of potential tenants.

Edmonton's northwest corridor held steady at 3.8% vacancy, which is unsurprising based on the area's status as a logistics workhorse. The high occupancy rate remained despite more than 125,000 square feet being added to the area's market in Q4, alone, and

just 15,000 square feet remaining under construction heading into the New Year. This does paint a picture of a market area that has largely built out its easily developable sites, with nearly 66,500 square feet of net absorption furthering an at-capacity narrative instead of fueling speculation around lost momentum.

South Edmonton held its low-vacancy podium, with a rate of 3.2% to cap 2025, absorbing over 160,000 square feet in Q4 supported by premium positioning and access to major transportation and growth corridors. Outside of the city, though, Sherwood Park-Fort Saskatchewan still takes the top spot, with a vacancy rate of just 2.3%. This is largely fueled by the energy sector and specialized industries requiring proximity to the Industrial Heartland, with a region-high rental price of \$15.60/sq.ft. representing location advantage and tight inventory. Net absorption of just 3,000 square feet in Q4, and the minimal 21,000 square feet under construction heading into 2026, point to continued space scarcity. Alongside these successes, Leduc-Nisku's 8% vacancy rate seems high, but context matters. The submarket's 28.1-million square feet includes a lot of new development, with over 650,000 square feet still under construction, much of which is already spoken for. Despite a seemingly low occupancy level, there is a lot of optimism for Leduc-Nisku in 2026 as pre-committed space delivers, and existing inventory stabilizes.

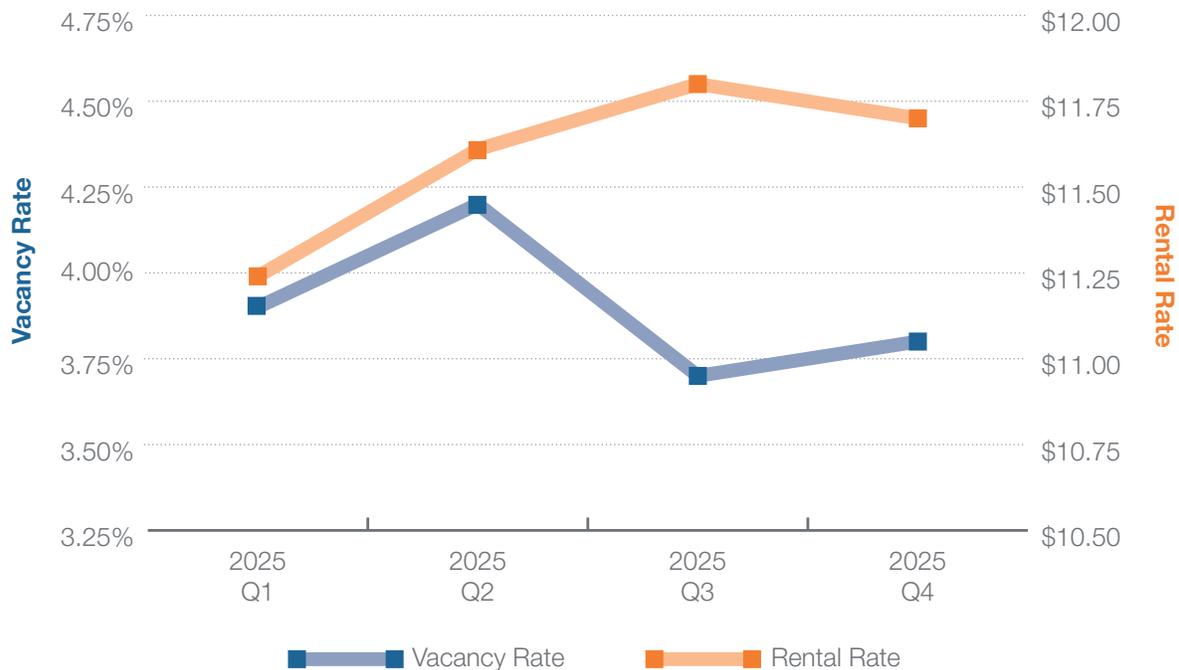
The Edmonton region's industrial market is positioned to maintain vacancy below 4% in 2026, with continued high demand. The industrial sector's resilience demonstrates strong market conditions and diversification, despite broader economic turbulence. Population growth results from investment and job creation, while also driving consumption. E-commerce demands require distribution infrastructure, and manufacturing needs cost-effective space. Edmonton has found itself at the centre of the industrial Venn diagram.

INDUSTRIAL Vacancy Trends

	2025-Q1	2025-Q2	2025-Q3	2025-Q4
GREATER EDMONTON Buildings Surveyed: 6,197 Existing SF: 205.7M	3.9%	4.2%	3.7%	3.8%
EDMONTON WEST Buildings Surveyed: 1,950 Existing SF: 71.0M	4.0%	4.1%	3.7%	3.8%
EDMONTON SOUTH Buildings Surveyed: 1,845 Existing SF: 66.7M	3.5%	3.9%	3.1%	3.2%
SHERWOOD PARK / FORT SASKATCHEWAN Buildings Surveyed: 394 Existing SF: 12.4M	3.1%	3.6%	2.4%	2.3%
LEDUC / NISKU Buildings Surveyed: 888 Existing SF: 28.1M	7.1%	7.6%	7.6%	8.0%

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



14103 - 23 Avenue NW
Price: \$41,000,000
 \$518.60/sq.ft.
Area: Magrath Heights
Property Type: Retail
Size: 79,059 sq.ft.
 on 4.94 acres



50 Fireside Gate
Price: \$20,000,000
 \$440.91/sq.ft.
Area: Cochrane
Property Type: Retail
Size: 45,361 sq.ft.



4108 Calgary Trail NW
Price: \$17,300,000
 \$328.00/sq.ft.
Area: Rideau Park
Property Type: Retail
Size: 52,747 sq.ft.
 on 4.42 acres



2403 - 91 Street SW
Price: \$13,650,000
 \$231.55/sq.ft.
Area: Summerside
Property Type: Industrial
Size: 58,950 sq.ft.
 on 3.24 acres



5620 - 99 Street NW
Price: \$13,000,000
 \$416.53/sq.ft.
Area: Coronet Industrial
Property Type: Office
Size: 31,210 sq.ft.
 on 2.29 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 6.60 acres



16630 - 114 Avenue NW
Price: \$10,750,000
 \$107.83/sq.ft.
Area: Norwester Industrial
Property Type: Industrial
Size: 99,690 sq.ft.
 on 5.24 acres



10004 - 29A Avenue NW
Price: \$7,200,000
 \$126.28/sq.ft.
Area: Parsons Industrial
Property Type: Office
Size: 57,014 sq.ft.
 on 2.87 acres

NAI Listing Highlights

AVAILABLE PROPERTIES FOR SALE AND/OR LEASE



14425 - 118 Avenue NW
Sale Price: \$7,490,000
Area: Huff Bremner
Property Type: Industrial
Size: 76,267 sq.ft.±
 2.54 acres±



4803-4831 Roper Road NW
Sale Price: \$255/sq.ft.
Area: Pylypow Industrial
Property Type: Industrial
Size: 6,000-10,250 sq.ft.±



12210 Mount Lawn Rd NW
Sale Price: \$7,500,000
Area: Yellowhead Corridor E
Property Type: Industrial
Size: 70,269 sq.ft.±
 3.46 acres±



5301 - 62 Street
Sale Price: \$2,900,000
Area: Lloydminster
Property Type: Office
Size: 49,455 sq.ft.±
 1.95 acres±

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