

# Slight contraction in Q4 does not detract from overall healthy year of absorption

▲ 5.0%  
Availability Rate

▼ -34K  
SF Net Absorption

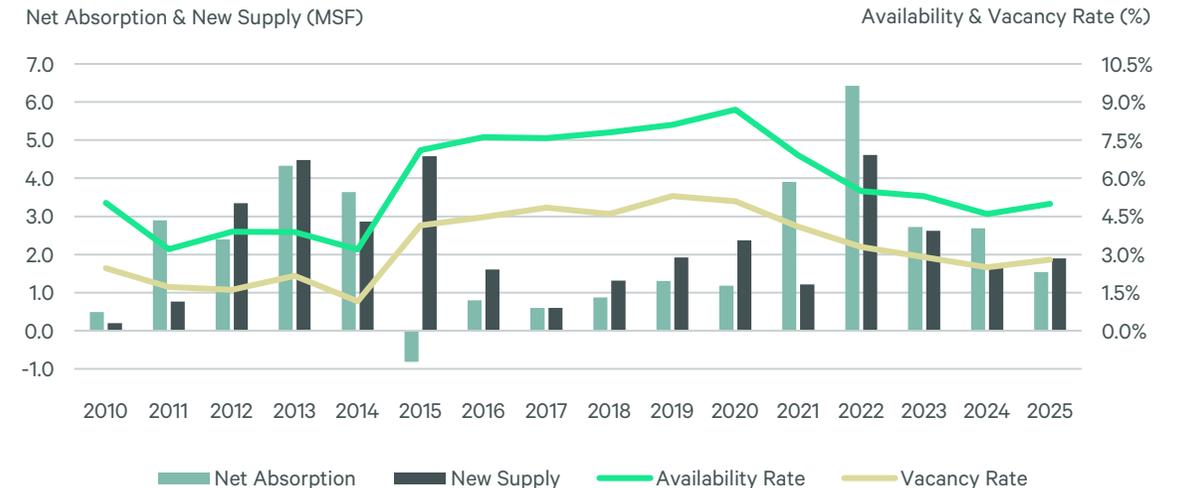
▲ 852K  
SF Under Construction

Note: Arrows indicate change from previous quarter.

## Executive Summary

- Edmonton’s Industrial Market experienced 34,000 sq. ft. of negative absorption in Q4 2025. The availability rate increased by 30 basis points (bps) and the vacancy rate increased by 10 bps. The market ended the year with 1.5 million sq. ft. of positive absorption with most submarkets showing gains.
- A strong performance was witnessed in the Southside submarket, which recorded almost 1.1 million sq. ft. of positive absorption in 2025, marking the highest year-end total since 2023.
- Over the course of 2025, 1.9 million sq. ft. of new supply was added to the market. This was a 262,000 sq. ft. increase over 2024. For the first time since 2020, new supply outpaced absorption throughout the entire year.
- There is approximately 852,000 sq. ft. currently under construction, marking the first year-end total below a million sq. ft. in nine years and the lowest year-end construction total observed since 2016.
- Declining construction numbers, particularly the limited supply of speculative construction may lead to a more robust owner-user market in the near to medium term and will likely contribute to rental rates growth in 2026 and 2027.

FIGURE 1: Historical Leasing Fundamentals



Source: CBRE Research, Q4 2025.

## Market remains flat in Q4 2025

Following a strong third quarter, the fourth quarter was relatively flat, posting 34,000 sq. ft. of negative absorption. The annual absorption for 2025 was 1.5 million sq. ft. The availability rate increased by 30 bps and the vacancy rate increased by 10 bps, continuing to keep both metrics within the range of their respective ten-year lows.

The Southside submarket continued to perform well with almost 1.1 million sq. ft. of absorption, the highest annual total since 2023, and second highest total since 2013. Both the vacancy and availability rates within this submarket held steady at 1.7% and 3.7%, respectively.

## Northwest experienced activity despite increased vacancy

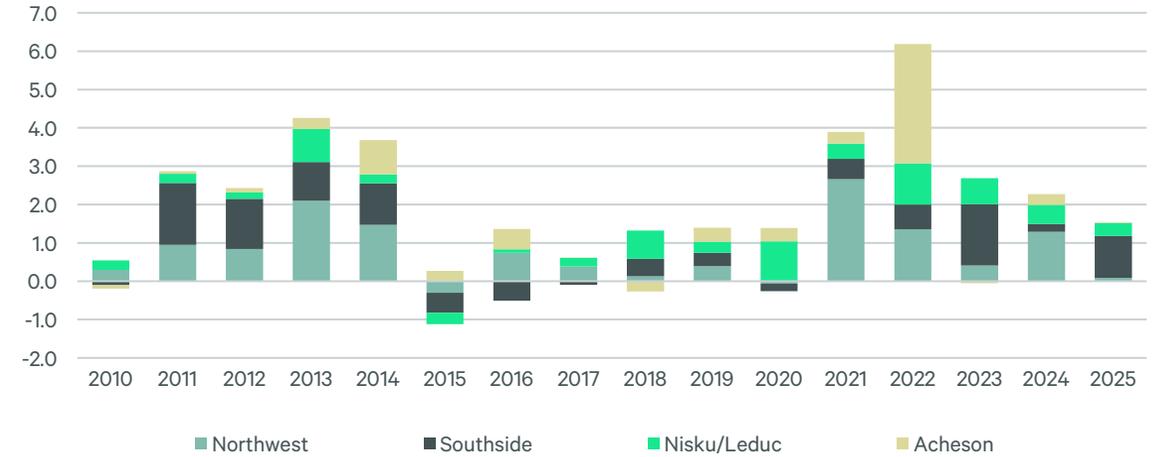
Edmonton’s Northwest submarket saw almost 700,000 sq. ft. of large bay product return to the market in Q4 2025. Availability and vacancy in this submarket increased by 90 bps and 20 bps respectively from Q3 2025 and 50 bps and 40 bps from the previous year-end. The submarket ended the year with 86,000 sq. ft. of positive absorption, compared to 1.0 million sq. ft. at year-end 2024.

This modest absorption is largely the result of several large bay vacancies coming to the market due to tenant movement during the second half of the year. Many of these spaces are in the process of being re-let which will be reflected in the Q1 2026 absorption figures.

## Small-bay product continues to move

Small and mid bay product has continued to demonstrate considerable leasing activity. Small bay transactions (under 25,000 sq. ft.) represented 72.4% of the transactions in Q4 2025. We anticipate that this will continue into 2026 which should put upward pressure on rents, given the limited availability of opportunities.

FIGURE 2: Net Absorption in Select Submarkets (MSF)



Source: CBRE Research, Q4 2025.

FIGURE 3: Edmonton Industrial Market Statistics

	Inventory (SF)	Vacancy Rate (%)	Sublease Space (SF)	Availability Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)
Central	7,366,600	0.0%	5,196	0.1%	(5,196)	46,070
Northwest	57,420,485	3.2%	657,859	5.7%	(402,984)	86,443
Northeast	2,462,331	2.2%	0	2.5%	(2,870)	63,293
Southside	52,830,201	1.7%	287,730	3.7%	202,978	1,094,010
Nisku/Leduc	22,165,642	7.4%	142,434	9.7%	11,027	337,361
Acheson	11,675,216	0.4%	120,725	2.8%	78,764	17,957
Sherwood Park	7,005,911	0.8%	0	2.6%	84,683	(101,775)
<b>Total Market</b>	<b>160,926,386</b>	<b>2.8%</b>	<b>1,213,944</b>	<b>5.0%</b>	<b>(33,598)</b>	<b>1,543,359</b>

Source: CBRE Research, Q4 2025.

## New supply outpaced absorption

Over the course of 2025, 1.9 million sq. ft. of new supply was added to the market. This was a 262,000 sq. ft. increase over 2024. For the first time since 2020, new supply outpaced absorption throughout the entire year. At year-end, new supply exceeded absorption by 20.7%. The market’s absorption and limited speculative construction has contributed to maintaining a tight vacancy rate.

## The development market remains subdued

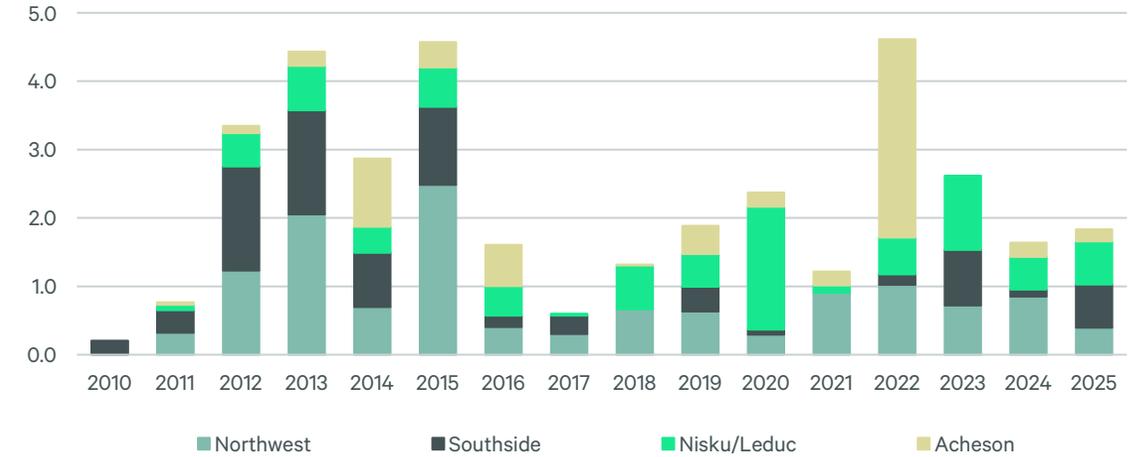
There is approximately 852,000 sq. ft. currently under construction, marking the first year-end total below 1.0 million sq. ft. in nine years. Over the last five years, Edmonton has seen an average of 2.5 million sq. ft. under construction at year-end. 2025 marked the lowest year-end construction total observed since 2016.

Some of the reasons for this limited development can be attributed to a lack of institutional capital in the market, rising construction costs, and some uncertainty around trade with the United States. Land sales were muted through most of 2025, reflecting the lack of confidence in speculative development. However, a modest increase in sales volume this quarter may be a leading indicator on changing sentiments in this space.

## Limited spec development likely to prompt an increase in owner-user transactions and rental rate increase

Although there are currently a few speculative projects underway, namely Reoptimize’s 211,000 sq. ft. in Henday Industrial Park, Remington Developments’ 117,000 sq. ft. Discovery Center 7 and York’s 217,000 sq. ft. Farm 40 and Ranchlands 120-acre project, the limited supply of speculative construction currently underway could strengthen the owner-user market in the short to medium term. The projected lag in construction projects for 2026 should lead to an increase in net rental rates.

FIGURE 4: Completed Construction in Select Submarkets (MSF)



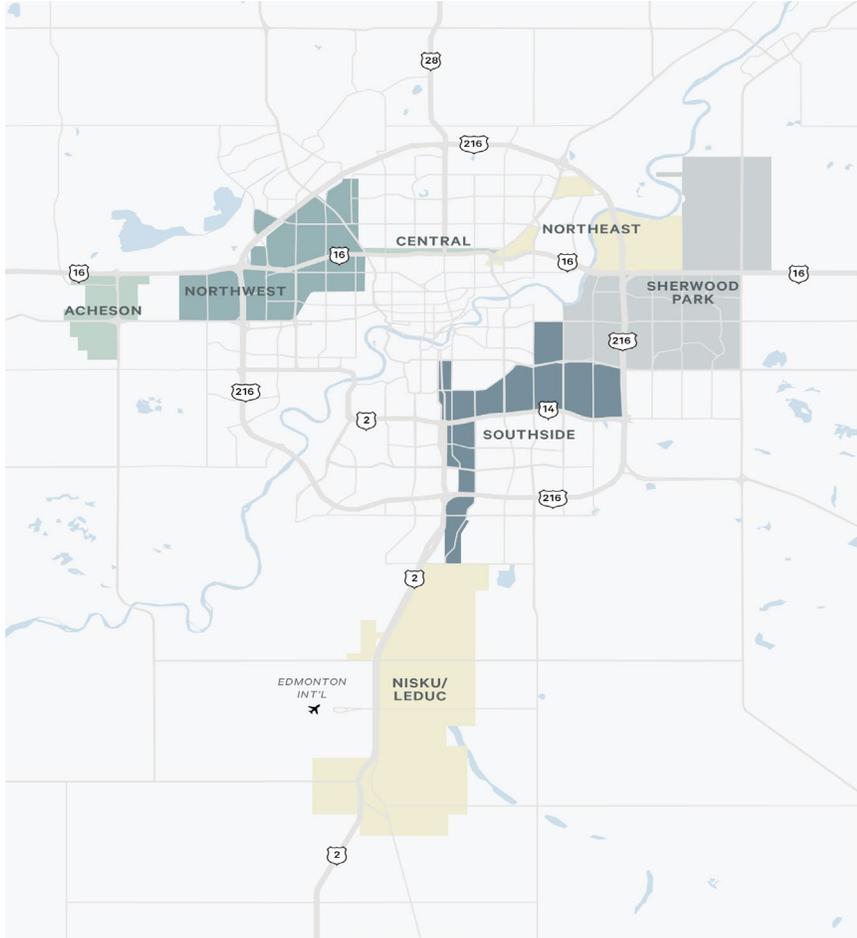
Source: CBRE Research, Q4 2025.

FIGURE 5: Select Projects Under Construction

Development	Market	Approx. Size (SF)	Est. Completion Date
Discovery Business Park (Centre 7)	Nisku/Leduc	117,009	Q1 2026
Capital Industrial Park	Southside	120,000	Q2 2026
Prairie Sky Business Park	Sherwood Park	80,000	Q3 2026
Multi-Tenant Buildings (Buildings A & B)	Sherwood Park	142,887	Q3 2026
UFA Distribution Center- Border Business Park	Nisku/Leduc	200,000	Q4 2026
A.R Thompson Facility	Nisku/Leduc	163,342	Q4 2026

Source: CBRE Research, Q4 2025.

## Market Area Overview



### Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.

Availability Rate: Total Available Sq. Ft. divided by the total building Area.

Net Absorption: The change in Occupied Sq. Ft. from one period to the next, based on Availability Rate.

Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.

Occupied Sq. Ft.: Building Area not considered vacant.

Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.

Vacant Sq. Ft.: Space that can be occupied within 30 days.

### Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Edmonton, as well as buildings that have begun construction as evidenced by site excavation or foundation work.

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