

2026 brings a renewed sense of optimism to the office market

▲ 19.1%
Overall Vacancy Rate

▲ -33K
SF Net Absorption

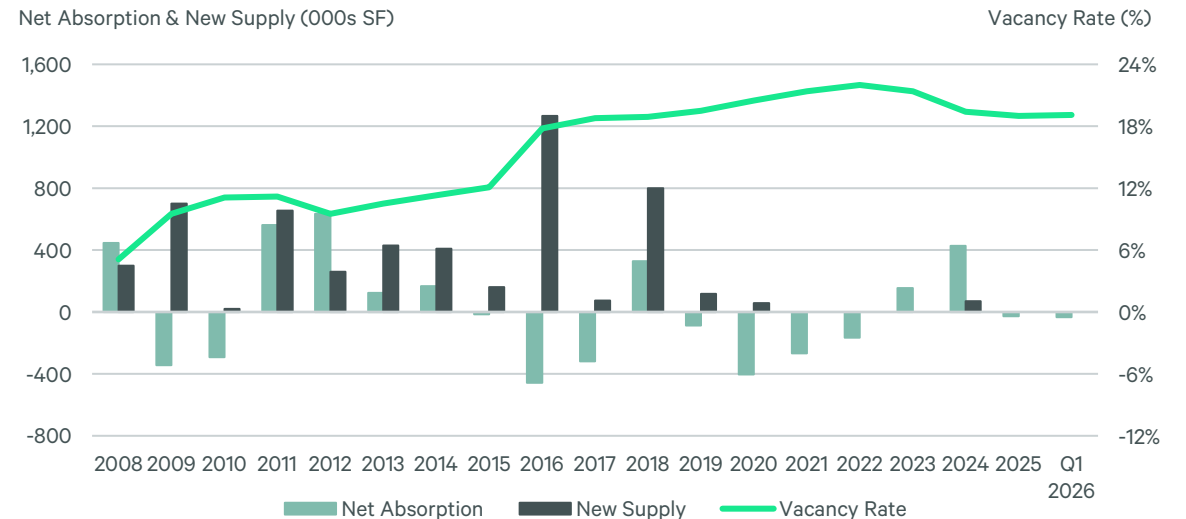
▼ 339K
SF Sublet Space

Note: Arrows indicate change from previous quarter.

Executive Summary

- The Edmonton office market entered 2026 with an uptick in leasing activity. Overall vacancy increased modestly, rising 10 basis points (bps) to 19.1%. Leasing momentum was driven by the Suburban market, which experienced strong tenant demand and an overall vacancy decrease from the previous quarter of 30 bps to 15.6%.
- Multiple Suburban submarkets began the year with moderate changes in vacancy this quarter, most notably the West End submarket where the vacancy rate decreased 160 bps to 16.7%. The Southside submarket also noted a 100 bps decrease in vacancy to 16.8% due to a strong leasing quarter for Class B assets.
- Downtown began the year with a moderate 40 bps vacancy increase to 21.3%. Several large transactions within this submarket reinforced the continued flight-to-quality trend, signaling sustained tenant confidence in premium assets.
- Q1 2026 marked a turning point in the Downtown market with many large tenants returning to the office, resulting in increased foot traffic and improved market sentiment.

FIGURE 1: Historical Leasing Fundamentals



Source: CBRE Research, Q1 2026.

2026 begins with modest vacancy rate increase

The Edmonton office market entered 2026 with improved leasing activity, with overall vacancy showing a modest increase of 10 bps to 19.1%. In addition, the Downtown submarket posted multiple large transactions with tenants demonstrating that the flight-to-quality remains prominent within this submarket.

Suburban market sees positive absorption to start the year

The Suburban market began 2026 on a high note with strong activity throughout across almost all submarkets. Following a slight uptick in the vacancy rate to end 2025, 30,000 sq. ft. of positive net absorption in Q1 brought the vacancy rate down 30 bps to 15.6%. The Suburban Class A vacancy rate decreased 110 bps from Q4 2025 to 13.1%, demonstrating that the flight-to-quality continues to be seen across the entire Edmonton market.

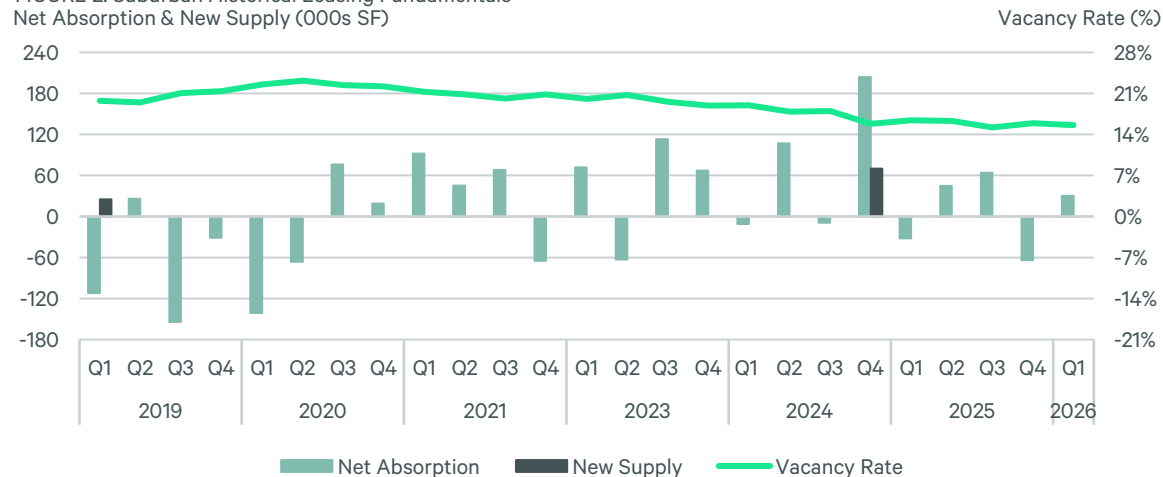
There were multiple Suburban submarkets with large changes in vacancy this quarter, most notably the Southside and West End submarkets. The Southside submarket noted a 100 bps decrease in vacancy to 16.8% due to a strong leasing quarter for Class B assets by small to mid-sized tenants.

The West End submarket’s vacancy rate decreased 160 bps to 16.7% due to strong leasing activity at West Campus and the Quinco Building. The West End Class A vacancy rate decreased 1020 bps to 8.4%. The 64,000 sq. ft. of positive absorption which contributed to the decrease in overall West End vacancy is not expected to continue as 121,000 sq. ft. of future availability at West Campus will impact West End vacancy in Q2 2026

Diverse suburban tenants drive activity

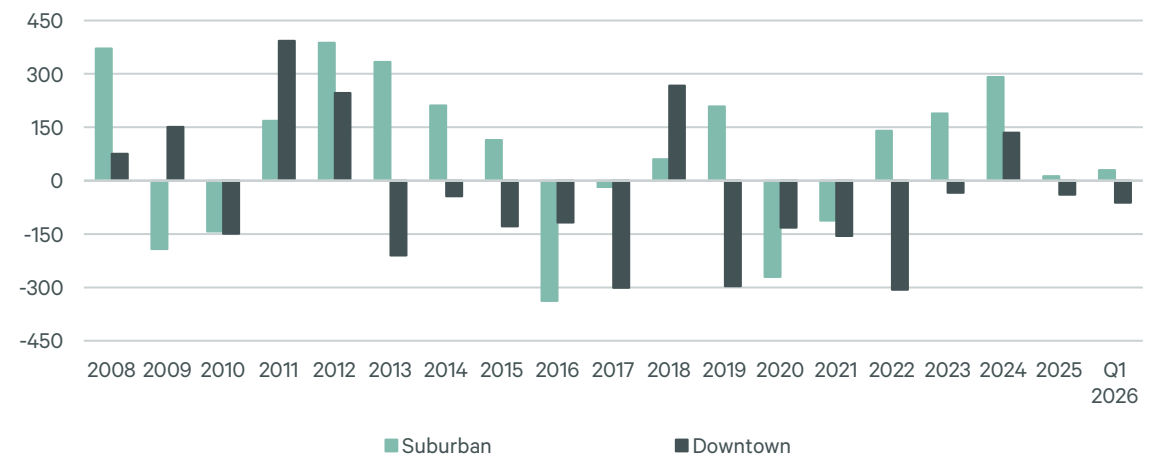
The Suburban submarket continues to be a bright spot within Edmonton’s office sector. While this submarket is comprised of a multitude of diverse tenant types, Engineering and Construction tenants have been the most active, driving the majority of relocation and expansion activity.

FIGURE 2: Suburban Historical Leasing Fundamentals
Net Absorption & New Supply (000s SF)



Source: CBRE Research, Q1 2026.

FIGURE 3: Suburban & Downtown Net Absorption (000s SF)



Source: CBRE Research, Q1 2026.

Increasing vacancy rate overshadows large transactions

The Government submarket began the year with a 90 bps increase in the vacancy rate to 17.1% due to the newly marketed availability of Compass Place. Despite ample activity across the Downtown submarket with multiple notable transactions, the vacancy rate in the Financial submarket increased 20 bps to 23.2% with the overall Downtown submarket recording a moderate vacancy rate increase of 40 bps to 21.3%

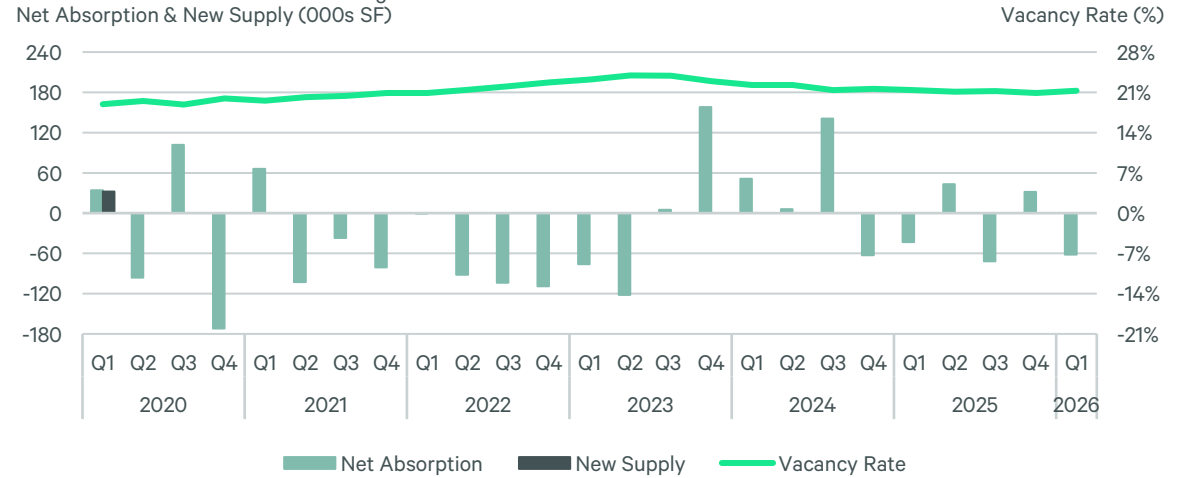
ATCO announced it will be relocating from ATCO Place to 10303 Jasper Ave (Formerly known as CWB Place) in 2028, with the move noted as the largest office transaction completed in the last decade in Edmonton. This announcement, alongside other recent large transactions, including the Bredin Centre for Career Advancement’s move to First & Jasper decreased the Financial Class A vacancy rate 580 bps to 22.0%.

Optimism underpins the Financial submarket

Tenant demand continues to gravitate toward amenity-rich Class AA and A buildings, favoring centrally located buildings with pedway-connectivity. This flight-to-quality increasingly depends on landlords’ ability to activate lobby and amenity spaces, with food and beverage offerings now viewed as essential to enhance building appeal. These amenities drive foot traffic, enhance building appeal and deliver spaces that engage both current and prospective tenants and the wider Downtown community.

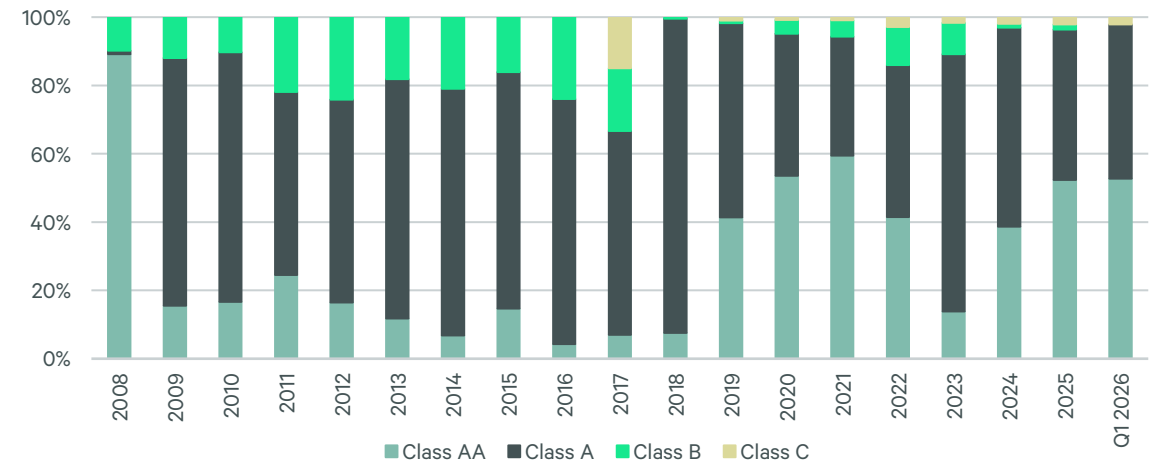
Q1 2026 represented a turning point for the Downtown submarket, as several large tenants across multiple industries returned to full-time office occupancy. This shift has increased foot traffic, improved market sentiment, and fostered a sense of renewed optimism. These trends underpin the strong leasing activity noted across the Downtown submarket.

FIGURE 4: Downtown Historical Leasing Fundamentals
Net Absorption & New Supply (000s SF)



Source: CBRE Research, Q1 2026.

FIGURE 5: Downtown Sublet Vacancy by Class (%)



Source: CBRE Research, Q1 2026.

FIGURE 6a: Q1 2026 Market Statistics - Suburban

SUBMARKET	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	Sublease Space (SF)	Net Rental Rate (PSF)
118 Avenue/Kingsway	609,489	14.3%	-10,709	-10,709	0	\$14.55
124 Street	809,140	19.8%	-1,456	-1,456	1,770	\$15.42
149 Street	912,234	9.3%	11,730	11,730	0	\$14.64
Eastgate	1,146,499	20.6%	-7,848	-7,848	0	\$15.70
Southside	2,901,952	16.8%	27,623	27,623	21,584	\$14.58
South Henday	941,075	6.0%	-385	-385	19,797	\$25.07
West End	2,005,446	16.7%	31,895	31,895	35,803	\$13.47
Whyte Avenue	444,852	16.8%	-21,205	-21,205	0	\$17.16
SUBURBAN TOTAL	9,770,687	15.6%	29,645	29,645	78,954	\$15.03
SHERWOOD PARK TOTAL	1,227,768	9.6%	-8,224	-8,224	3,245	\$16.59

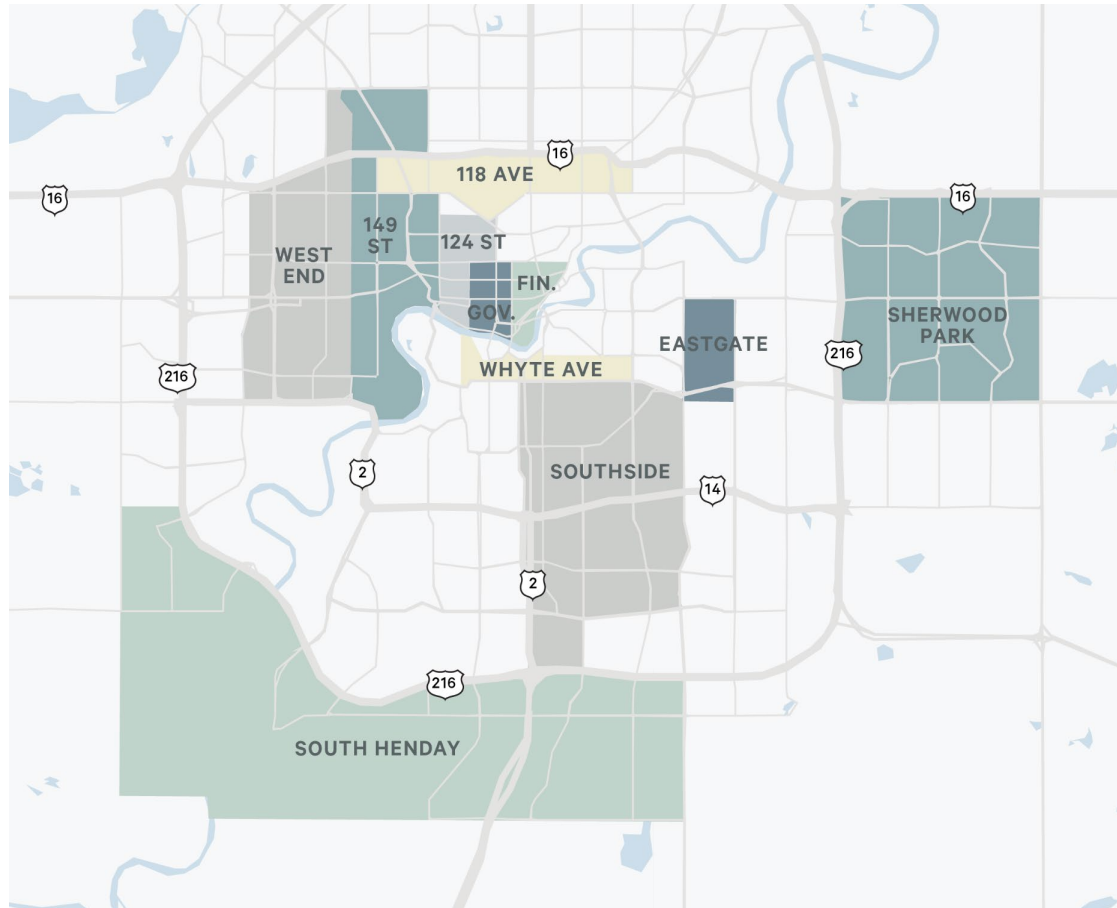
Source: CBRE Research, Q1 2026.

FIGURE 6b: Q1 2026 Market Statistics - Downtown

SUBMARKET	Class	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	Sublease Space (SF)	Net Rental Rate (PSF)
Financial	AA	4,495,042	14.4%	-959	-959	136,882	\$25.28
	A	4,920,277	22.0%	287,107	287,107	107,984	\$17.46
	B	1,122,780	58.5%	-310,826	-310,826	0	\$15.80
	C	323,233	40.2%	4,823	4,823	5,629	\$13.28
	Total	10,861,332	23.2%	-19,855	-19,855	250,495	\$18.51
Government	A	2,277,303	23.8%	256	256	9,353	\$16.16
	B	2,282,205	8.8%	-38,768	-38,768	0	\$15.03
	C	342,672	26.8%	-3,361	-3,361	0	\$10.10
	Total	4,902,180	17.1%	-41,873	-41,873	9,353	\$15.21
DOWNTOWN TOTAL		15,763,512	21.3%	-61,728	-61,728	259,848	\$17.63
EDMONTON TOTAL		25,534,199	19.1%	-32,083	-32,083	338,802	\$16.80

Source: CBRE Research, Q1 2026.

Market Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. **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. **Vacant Sq. Ft.:** Space that can be occupied within 90 days.

Survey Criteria

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

Contacts

Mark Anderson

Managing Director
+1 780 293 6275
Mark.Anderson2@cbre.com

Chelsea Davidson

Senior Research Analyst
+1 780 917 4635
Chelsea.Davidson@cbre.com

Adam Hundert

Research Analyst
+1 780 917 4629
Adam.Hundert@cbre.com