CBRE

Financial Class AA posts first quarter of positive absorption since 2023

▶ 19.0%
Overall Vacancy Rate

▼ -32K
SF Net Absorption

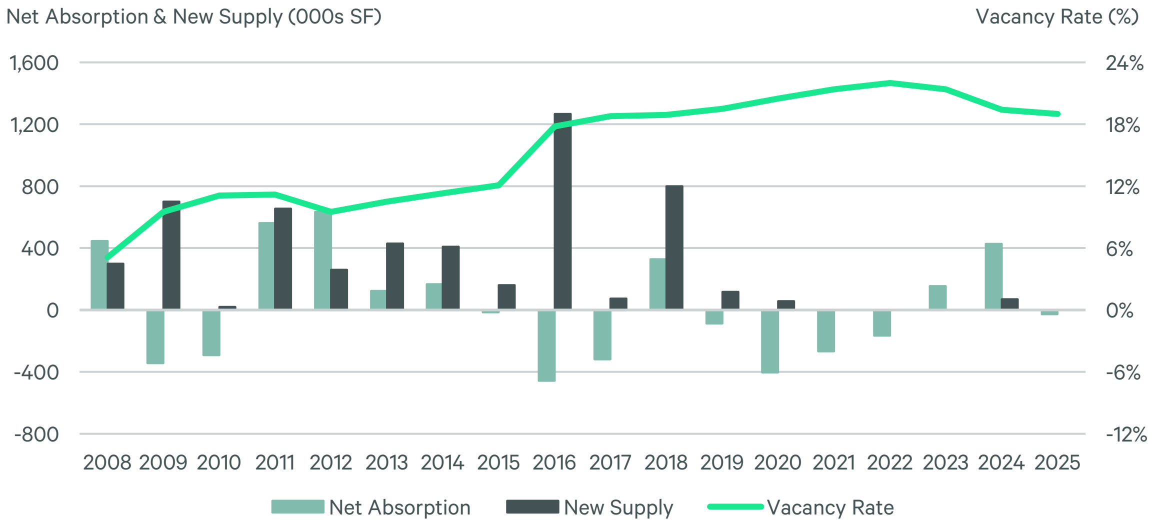
▼ 345K
SF Sublet Space

Note: Arrows indicate change from previous quarter.

Executive Summary

- Edmonton finished the year with a vacancy rate of 19.0%, down 40 basis points (bps) from Q4 2024. In Q4 2025, the Edmonton market saw 32,000 sq. ft of negative net absorption, however the vacancy rate held stable at 19.0% due to changes in inventory in both the Downtown and Suburban markets.
- The Downtown market posted 32,000 sq. ft. of positive net absorption, decreasing the vacancy rate 30 bps to 20.9%. The Financial Class AA submarket posted 7,000 sq. ft. of positive net absorption, lowering the vacancy rate 10 bps to 14.4%, and marking the first quarter of positive absorption since Q4 2023.
- Two large transactions of 170,000 sq. ft. and 115,000 sq. ft. closed in the Financial Class A submarket this quarter. Demonstrating continued commitment to the Financial submarket.
- The suburban market remained flat throughout 2025, as vacancy increased only 10 bps from Q4 2024 to 15.9%, but 70 bps higher than the previous quarter. There was 64,000 sq. ft. of negative net absorption across the Suburban market in Q4 2025.

FIGURE 1: Historical Leasing Fundamentals



Source: CBRE Research, Q4 2025.

Market fundamentals

Edmonton finished the year with an overall office vacancy rate of 19.0%, down 40 bps from Q4 2024, with 27,000 sq. ft. of negative net absorption year-to-date. In Q4 2025, the Edmonton market saw 32,000 sq. ft of negative net absorption, however the vacancy rate held stable at 19.0% due to changes in inventory in both the Downtown and Suburban markets.

Sublease space continues to decrease, now representing only 7.1% of vacant space in Edmonton. Downtown sublease vacancy decreased 80,000 sq. ft. from Q4 2024, now accounting for only 7.9% of vacant space in the Downtown market. The Suburban market saw similar trends with available sublease space decreasing 12,000 sq. ft., accounting for 5.4% of suburban availability.

Suburban

The suburban market remained flat throughout 2025, as vacancy increased only 10 bps from Q4 2024 to 15.9%, but 70 bps higher than previous quarter. There was 64,000 sq. ft. of negative net absorption across the Suburban market in Q4 2025.

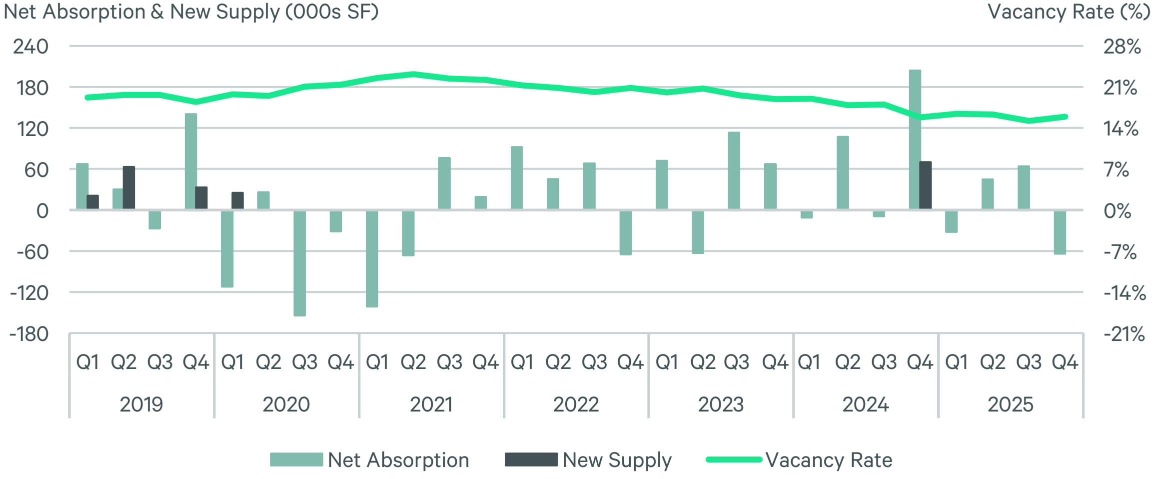
The 149 Street, 124 Street, 118 Avenue – Kingsway, and Southside submarkets posted positive year-to-date absorption to close out 2025. The Suburban market remains the ideal location for many tenants who value a lower price.

Market trends

Even with the negative absorption, the Suburban market remains active. The suburban market movement is largely driven by construction and engineering tenants renewing or moving within the submarket.

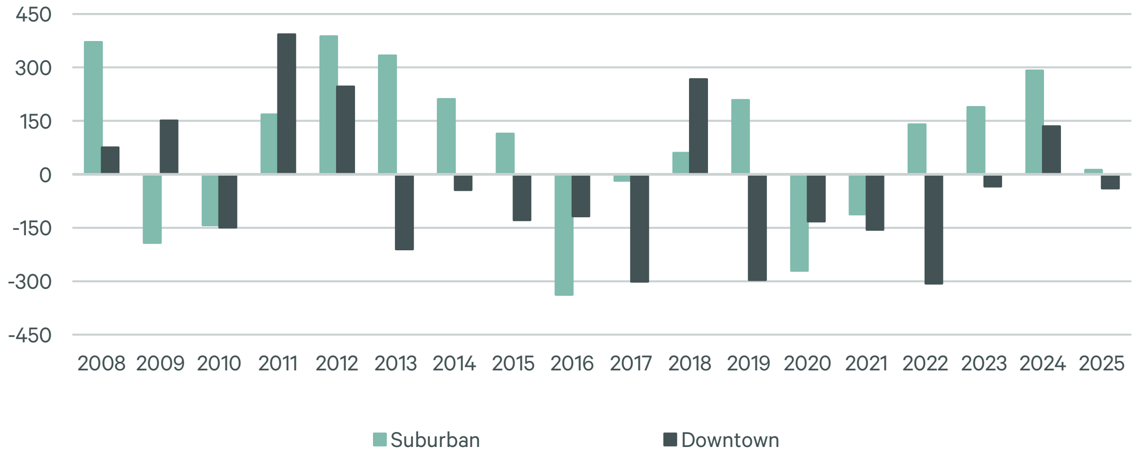
Construction costs continue to increase, driving landlords to replenish their leased model or show suite inventory. Tenants continue to opt for show suites and built out spaces, as designing and renovating old or raw space is perceived as unnecessarily risky in a high construction-cost environment.

FIGURE 2: Suburban Historical Leasing Fundamentals



Source: CBRE Research, Q4 2025.

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



Source: CBRE Research, Q4 2025.

Downtown

This quarter, the Downtown market posted 32,000 sq. ft. of positive absorption. The overall Downtown vacancy rate decreased 30 bps to 20.9%. The Downtown market finished the year with 40,000 sq. ft. of negative net absorption year-to-date.

The Financial submarket's vacancy rate decrease 30 bps to 23.0% and recorded 26,000 sq. ft. of positive net absorption. The inventory of the Financial decreased as CN Tower was removed due to a planned residential conversion. The Financial Class AA submarket posted 7,000 sq. ft. of positive net absorption, lowering the vacancy rate 10 bps to 14.4%, and marking the first quarter of positive absorption since Q4 2023. There were two notable transactions completed in Q4 2025 with ATB Financial renewing 115,000 sq. ft. at ATB Place and a confidential deal for 170,000 sq. ft in the Financial submarket.

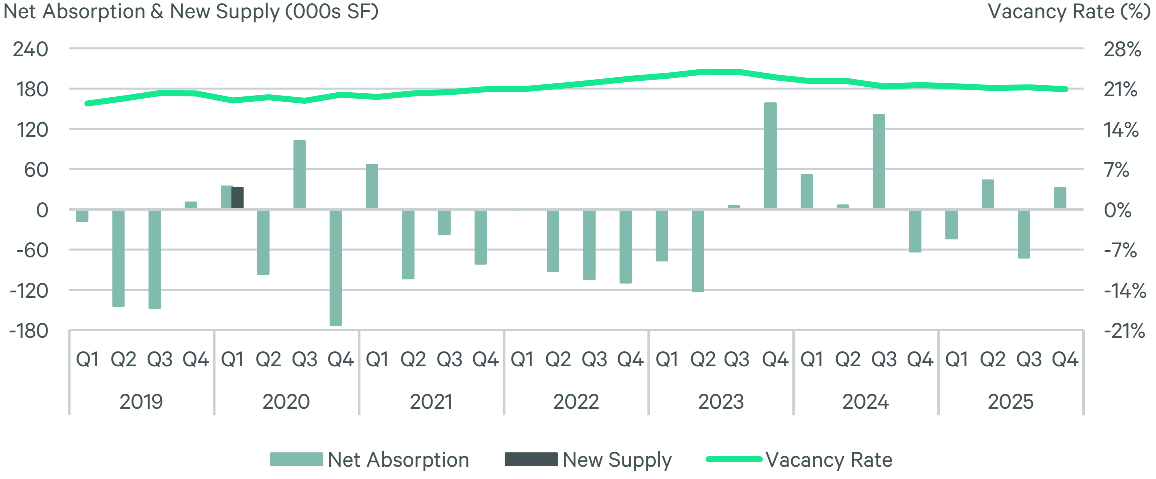
The Government submarket's vacancy rate decreased 20 bps to 16.2% with 6,000 sq. ft. of positive net absorption. The Government submarket's positive net absorption stemmed from Class B leasing activity, a building class that has only seen two quarters of negative absorption over the previous twelve quarters.

Market trends

The few downtown office to residential conversions continues to create opportunity in the downtown core. Tenants that previously occupied buildings that are planning conversions are now positively affecting the market, moving into other large blocks of available contiguous space.

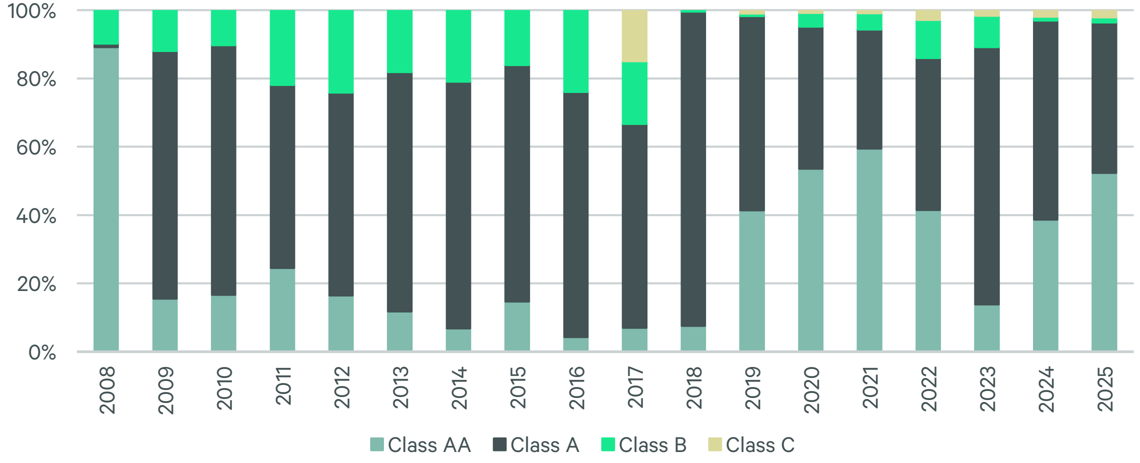
There are more signs of natural growth occurring among local Downtown occupiers, such as KRP, who is expanding their presence in the Financial submarket. Return-to-office policies continue to gain traction, and it is becoming increasingly common for tenants to expand their footprint upon renewals, however right-sizing remains the most common trend for renewals.

FIGURE 4: Downtown Historical Leasing Fundamentals



Source: CBRE Research, Q4 2025.

FIGURE 5: Downtown Sublet Vacancy by Class (%)



Source: CBRE Research, Q4 2025.

FIGURE 6a: Q4 2025 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	12.6%	-13,825	10,687	0	$15.20
124 Street	809,140	19.6%	-20,510	4,312	6,260	$14.77
149 Street	912,234	10.5%	7,781	37,668	0	$14.55
Eastgate	1,146,499	19.9%	-25,176	-8,918	0	$15.81
Southside	2,901,952	17.7%	12,350	19,261	21,584	$14.62
South Henday	941,075	6.0%	-13,558	-22,919	19,797	$24.65
West End	2,005,446	18.3%	-11,393	-24,921	35,803	$15.26
Whyte Avenue	431,900	12.4%	331	-2,441	0	$16.80
SUBURBAN TOTAL	**9,757,735**	**15.9%**	**-64,000**	**12,729**	**83,444**	**$15.32**
SHERWOOD PARK TOTAL	**1,227,768**	**8.9%**	**27,344**	**41,502**	**3,245**	**$15.95**

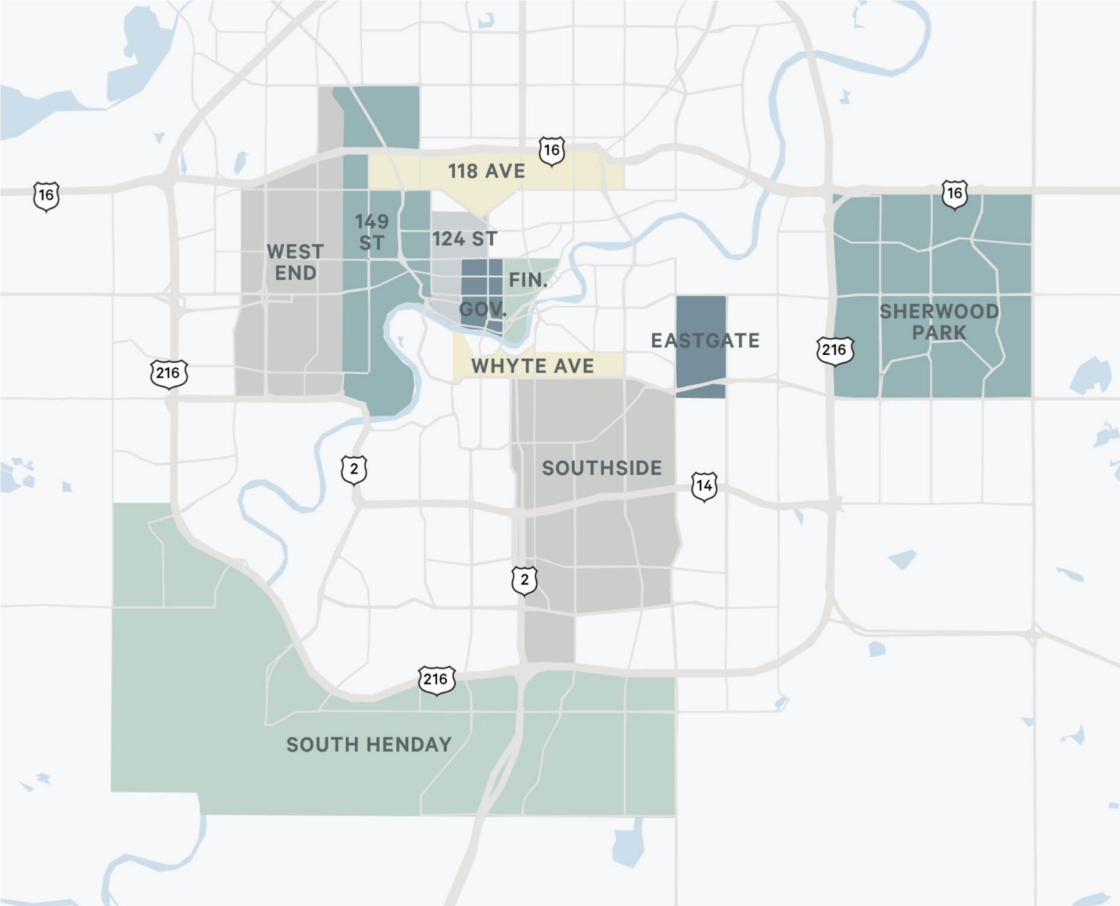
Source: CBRE Research, Q4 2025.

FIGURE 6b: Q4 2025 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%	6,576	-38,394	136,882	$25.04
	A	4,920,277	27.8%	24,146	4,143	105,995	$17.74
	B	1,122,780	30.9%	-4,222	26,518	2,533	$13.89
	C	323,233	41.7%	-485	-51,980	5,629	$13.22
	Total	**10,861,332**	**23.0%**	**26,015**	**-59,713**	**251,039**	**$18.55**
Government	A	2,277,303	23.8%	-8,516	-31,709	9,353	$15.89
	B	2,282,205	7.1%	13,111	50,818	1,227	$12.78
	C	342,672	25.8%	962	1,015	0	$9.91
	Total	**4,902,180**	**16.2%**	**5,557**	**20,124**	**10,580**	**$14.57**
DOWNTOWN TOTAL		**15,763,512**	**20.9%**	**31,572**	**-39,589**	**261,619**	**$17.52**
EDMONTON TOTAL		**25,521,247**	**19.0%**	**-32,428**	**-26,860**	**345,063**	**$16.80**

Source: CBRE Research, Q4 2025.

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.

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