

Edmonton market unfazed by unforeseen economic challenges

▼ 4.8%

Availability Rate

▲ 312K

SF Net Absorption

▲ 1.4M

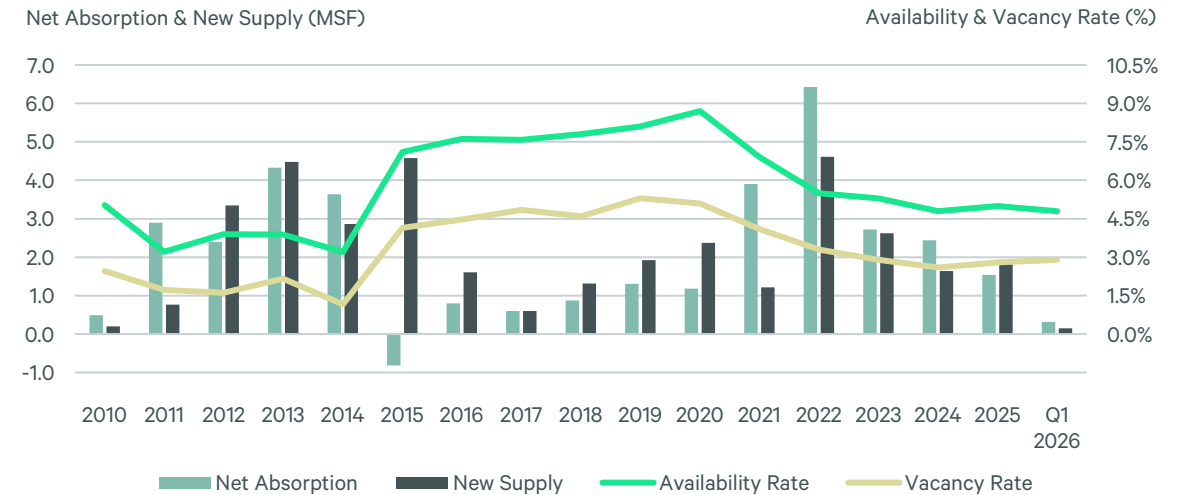
SF Under Construction

Note: Arrows indicate change from previous quarter.

Executive Summary

- Edmonton’s industrial market posted nearly 312,000 sq. ft. of positive absorption this quarter, decreasing availability by 20 basis points (bps), while vacancy remained under 3.0%. Both rates remain within range of their ten-year lows, indicating the resilience of the market in the face of economic uncertainty.
- Transactions of 25,000 sq. ft. and smaller represented 83.3% deal count, suggesting demand in this size range remains elevated. Larger deals over 50,000 sq. ft. meanwhile remain limited with only three spaces coming off the market this quarter.
- Positive absorption was driven by two submarkets this quarter. Nisku-Leduc saw over 275,000 sq. ft. of positive absorption, dropping its availability rate by 60 bps. Sherwood Park exhibited over 104,000 sq. ft. of positive absorption, bringing the submarket’s availability rate in line with its record low of 1.1%.
- The industrial market is showing cautious optimism in terms of construction starts. Just over 542,000 sq. ft. of speculative-build projects have broken ground in the last two quarters.

FIGURE 1: Historical Leasing Fundamentals



Source: CBRE Research, Q1 2026.

Market sees uptick in absorption to start 2026

Following a quiet Q4 2025, the Edmonton industrial market posted nearly 312,000 sq. ft. of positive absorption in Q1 2026. The availability rate decreased by 20 bps, bringing it back under 5.0%, while the vacancy rate remained under 3.0% for the sixth consecutive quarter. These rates remain near their ten-year lows, underscoring the market’s stability amid uncertain economic conditions.

This positive absorption was driven by two submarkets: Nisku-Leduc and Sherwood Park. The Nisku-Leduc submarket started 2026 strong with over 275,000 sq. ft. of positive absorption, predominantly of small bay product, bringing its availability rate down 60 bps. This comes on the heels of a slow Q4 and a relatively quiet year-end 2025 that saw the lowest amount of positive absorption since year-end 2019. Similarly, the Sherwood Park submarket’s availability rate decreased by 50 bps to 1.1%, matching its record low, after recording over 104,000 sq. ft. of positive absorption this quarter.

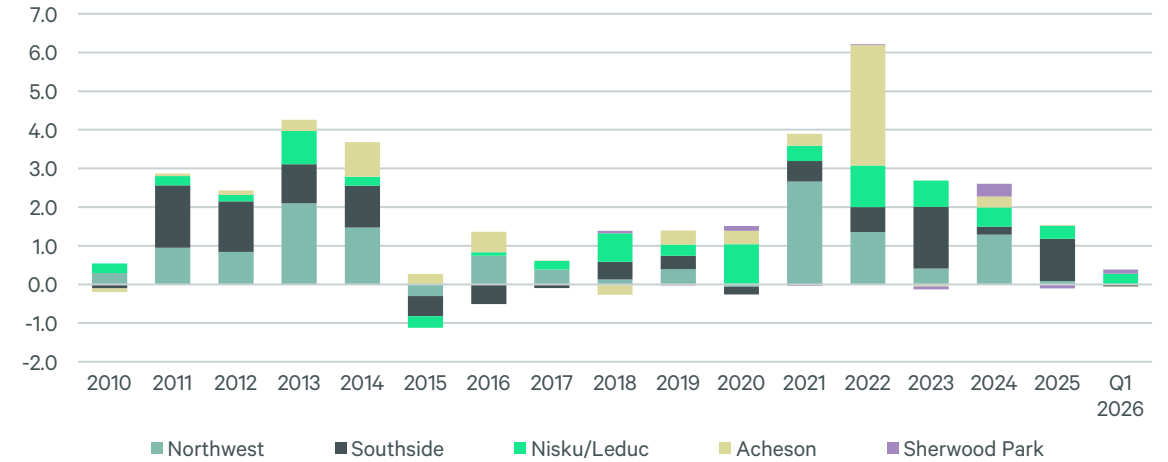
Small-bay product in demand

Transactions of 25,000 sq. ft. and below accounted for 83.3% of deal activity, indicating sustained demand within this size segment; however, these deals represented just 36.4% of total leased space. By contrast, larger transactions exceeding 50,000 sq. ft. remained scarce, with only three spaces being absorbed this quarter.

Large-bay availabilities conceal pressures of tight submarkets

In both the Northwest and Nisku-Leduc submarkets, a small number of large-scale availabilities continue to distort overall availability metrics. In the Northwest, three large-bay availabilities account for 21.5% of total available space, while in Nisku-Leduc, three large bays comprise a combined 47.4%. Excluding these spaces, availability in the Northwest would decline to 4.6%, while Nisku-Leduc’s availability would drop to 5.0%, underscoring the limited options available to many prospective users.

FIGURE 2: Net Absorption in Select Submarkets (MSF)



Source: CBRE Research, Q1 2026.

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 | 0.1% | 5,196 | 0.2% | (6,000) | (6,000) |
| Northwest | 57,420,485 | 3.3% | 651,643 | 5.7% | 3,197 | 3,197 |
| Northeast | 2,462,331 | 1.5% | 0 | 2.7% | (6,653) | (6,653) |
| Southside | 52,830,201 | 1.7% | 336,482 | 3.8% | (49,294) | (49,294) |
| Nisku/Leduc | 22,311,031 | 7.4% | 132,104 | 9.1% | 275,639 | 275,639 |
| Acheson | 11,675,216 | 1.0% | 115,725 | 2.8% | (8,977) | (8,977) |
| Sherwood Park | 7,005,911 | 0.8% | 0 | 1.1% | 104,041 | 104,041 |
| Total Market | 161,071,775 | 2.9% | 1,241,150 | 4.8% | 311,953 | 311,953 |

Source: CBRE Research, Q1 2026.

Market shows optimism via construction starts

The industrial market is exhibiting renewed, albeit cautious, optimism on the construction front, with just over 542,000 sq. ft. of speculative projects commencing construction over the past two quarters, marking the highest level of speculative development starts since Q3-Q4 2023. The same period has also seen a comparable level of design-build activity, with more than 513,000 sq. ft. breaking ground, representing the strongest level of design-build construction starts since H2 2022. The 1.4 million sq. ft. of space currently under construction is well below the norm for the past several years, but the upward trend from Q3 2025's low of approximately 793,000 sq. ft. is promising.

Major project assessments to be streamlined

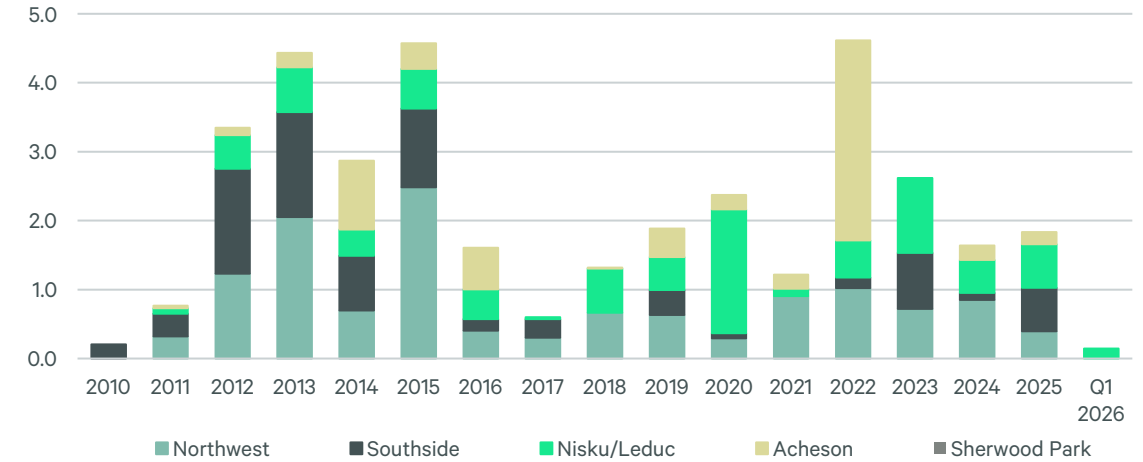
In early March, the federal and provincial governments reached a draft agreement aimed at expediting approvals for major projects through a “one project, one review” approach, primarily relying on Alberta’s regulatory process for projects within provincial jurisdiction, while integrating federal oversight where required. The agreement is intended to improve regulatory efficiency, increase certainty for investors, and accelerate project timelines, while maintaining environmental protections and Indigenous rights. The deal follows years of jurisdictional disputes over federal impact assessments, acknowledges ongoing legal challenges, and builds on last year’s broader energy agreement between the two governments. It is expected to be finalized near the end of this quarter following public consultation.

Geopolitical conflict creates challenges and opportunities

Escalating conflict involving Iran has introduced upward risk and volatility to global oil prices, driven primarily by concerns around potential supply disruptions and shipping through the Strait of Hormuz, which handles roughly one fifth of global oil trade. Markets are currently pricing a geopolitical risk premium rather than a permanent loss of supply, but sustained disruption could keep prices elevated for longer than initially anticipated.

For Edmonton, sustained higher oil prices would likely support energy-sector activity, benefiting industrial demand tied to manufacturing, logistics, and oilfield services. However, increased volatility and higher operating and construction costs could temper broader industrial expansion, resulting in a net impact that is supportive but uneven across the market.

FIGURE 4: Completed Construction in Select Submarkets (MSF)



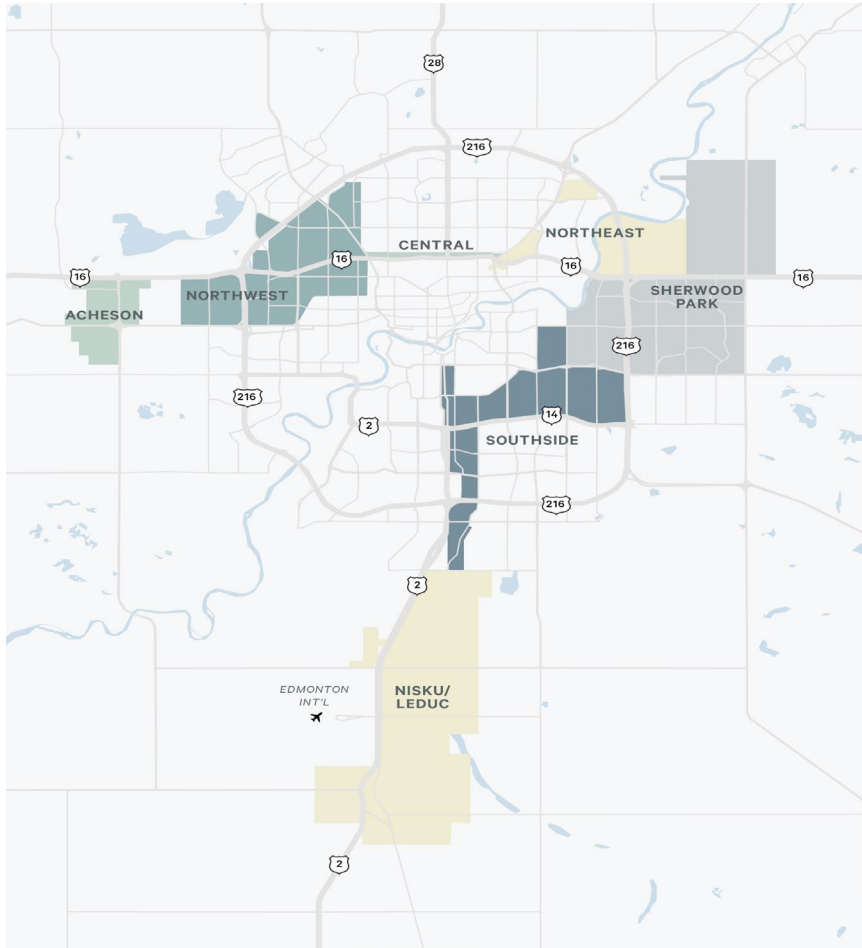
Source: CBRE Research, Q1 2026.

FIGURE 5: Select Projects Under Construction

| Development | Market | Approx. Size (SF) | Est. Completion Date |
|---|---------------|-------------------|----------------------|
| Farm 40 – Building 2 | Nisku/Leduc | 217,000 | Q2 2026 |
| UFA Distribution Center- Border Business Park | Nisku/Leduc | 200,000 | Q4 2026 |
| A.R Thompson Facility | Nisku/Leduc | 163,342 | Q4 2026 |
| Capital Industrial Park | Southside | 120,000 | Q2 2026 |
| Tower Industrial Park – Building 1 | Acheson | 112,000 | Q4 2026 |
| Mistatim Business Park – Buildings 1 & 2 | Northwest | 90,000 | Q4 2026 |
| Prairie Sky Business Park | Sherwood Park | 80,000 | Q3 2026 |
| Spine Road III | Nisku/Leduc | 45,878 | Q3 2026 |

Source: CBRE Research, Q1 2026.

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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